



Sustainability

JT Group purpose can be found in [FY2022 Integrated Report](#), pages 1-3

[Read more](#) about JT Group Materiality

[Read more](#)  JT Group Sustainability Targets



Top management message



Materiality and sustainability

Reduced-Risk Products >



Read about our initiatives on products and services (RRP)



As of FY22

Latest News

NEW December 11, 2023

JT makes it on the Dow Jones Sustainability Asia Pacific Index for the Tenth Consecutive Year.

[Read more](#) 

Member of

Dow Jones Sustainability Indices

Powered by the S&P Global CSA

FY2022 online content and [FY2022 Integrated report](#) are now available.

Please check our progress toward targets

- Tobacco business
- Pharmaceutical business
- Processed food business
- JT Group Environment Plan 2030

Download all (zip)



Sustainability Online content FY2022

JT Group recognized on CDP's climate change A List and water security A List.

[Read more](#)



CLIMATE WATER

Our way of doing business

The JT Group Materiality

As nature, society, and people's lives are intertwined, sustaining our ways of living, and the activities of corporate entities, will depend on the sustainability of the environment and society in which we exist.

In realizing the JT Group Purpose, we are contributing to that sustainability through our commitment to working on the issues identified in our materiality.

Living with the Planet

Value Creation that Exceeds

Investing in People and Provide

Responsible Supply Chain Management

Good Governance

Preserve a harmonious relationship between our environment, people, and corporate organizations through initiatives to improve our impact on our environment

[Read more >](#)

Consumer Expectations

Create diverse products and services beyond consumer expectations

[Read more >](#)

Motivation

Invest in people to support their development with attention to diversity, and enhance human capital by fostering a corporate culture that maximizes individuality and ability of each person

[Read more >](#)

Create a sustainable supply chain capable of withstanding sudden changes in the business environment, by tackling social issues such as respecting human rights or preservation of our environment

[Read more >](#)

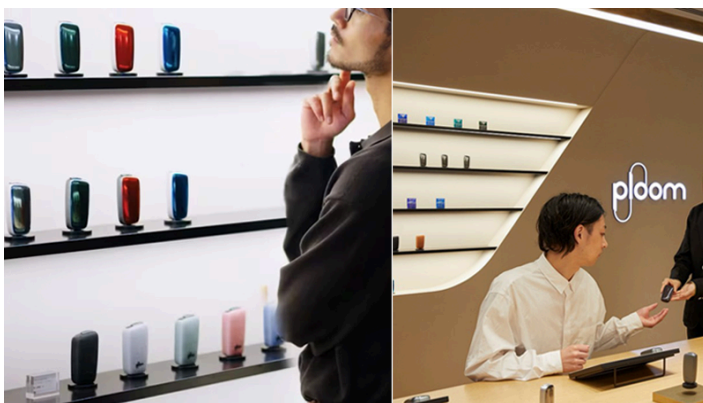
Enhance our governance by improving our stakeholder satisfaction and continue to be a trustworthy corporate entity

[Read more >](#)

Tobacco business

[Read more >](#)

Creating fulfilling moments.
Creating a better future.



Products and services

We will be a total tobacco company offering consumers (The word, consumers, used in the context of the tobacco business means adult consumers. Minimum legal age for smoking varies in accordance with the legislation in each country.) an even greater choice of products by focusing on quality, innovation and reduced-risk potential.

[Reduced-Risk Products >](#)

Supply chain

We will reduce environmental and social risks, and enable transparent and responsible practices across our supply chain.

[Supply chain >](#)

- [Supply chain policies and standards >](#)

- [Leaf supply chain - Raw material sourcing >](#)

- [Non-tobacco materials, other products, and services >](#)



Pharmaceutical business

Respecting science, technology and people, we will contribute to patients' lives.



[Read more >](#)

Processed food business

Bringing Joy to Meals and Fun to the Table

[Read more >](#)



Sustainability Archive

Previous issues of the JT Group Sustainability reporting.

[Read more >](#)

External recognition

Awards and recognitions for efforts in sustainability.

[Read more >](#)

External verification

Our data has been externally verified.

[Read more >](#)



Top management message

Our new Group purpose can be found in [FY2022 Integrated Report](#), pages 1-3

Message from
CEO

CSO interview

Message from CEO



Realizing the JT Group Purpose

“Staying close to diverse, ever-changing consumers and society, the JT Group realizes “fulfilling moments” through our evolving business operations, without limiting ourselves to what we are now.”

Masamichi Terabatake

Representative Director and President,
Chief Executive Officer

Read more about the message from our CEO in
[FY2022 Integrated Report](#), P22-27

CSO interview

Hisato Imokawa

Senior Vice President
Chief Sustainability Officer



Looking back over 2022, could you tell us about some of the key sustainability highlights?

2022 continued to be a year of high uncertainty due to changes brought to our society and consumer behavior from COVID, unstable international political relations due to the situation in Russia and Ukraine, global inflation, and extreme fluctuations in exchange rates. Looking at global sustainability trends, as the situation in Russia and Ukraine triggered rising energy prices, concerns were initially voiced that initiatives for climate change or investment in ESG might slow down. However, far from seeing a halt in the drive for sustainability, 2022 was a year in which we continued to see the importance and momentum of sustainable growth through coexistence between society and corporate organizations. Additionally, more than ever before, corporate organizations are required not only to show a conventional business plan, but to present to stakeholders and to society a comprehensive plan that integrates financial and non-financial aspects with sustainability perspectives.

At the Group level, we set out our new Group purpose “Fulfilling Moments, Enriching Life” and communicated this alongside the FY2022 full-year announcement. The new purpose embeds our wish to continue to grow together with society with awareness for enriching life. Furthermore, 2022 was the first year in which we integrated the operating structure of our tobacco businesses into a single business. This integration progressed steadily throughout the year.

As for the JT Group’s sustainability initiatives, we worked on updating our materiality and we have disclosed the new Group materiality in this report. To further drive our sustainability efforts, we updated the JT Group Environmental Plan 2030 at the beginning of 2022. Our greenhouse gas reduction targets have evolved into a more ambitious plan, as we aim to reduce greenhouse gas emissions throughout the value chain by 2050 to Net-Zero.

Furthermore, in testament to our belief that the Group's sustainable growth depends on coexistence with the society that we are a part of, we have extended various forms of aid to support local communities around the world. Following the recent earthquake in Turkey, we provided emergency assistance including disaster rescue and relief supplies through humanitarian aid organizations. With regard to the situation in Russia and Ukraine, we will continue to give priority to the safety of our employees and their families, while providing as much support as possible to the people facing difficulties in Ukraine.

Please tell us about your new materiality in comparison to the original materiality.

We carried out our first materiality assessment in 2015. At that time, awareness of "sustainability" among our stakeholders in general was not at the level that it is today. It was also our first attempt to set out our materiality, and there was an element of trial and error. We realize now that perhaps the voices from our business side were not given a sufficiently full hearing in the first materiality. This time, from the perspective of sustainability and our business, we were conscious of the interconnection with business strategy, and we paid particular attention to incorporating business-driven issues. In addition, we gave thorough consideration to the uniqueness of our group. We have recently announced a group purpose and we are at a turning point in terms of how we do business. With these factors borne in mind, our materiality was thoroughly and comprehensively checked and updated.

Since we first set out our materiality, we have seen major changes in the business environment and social conditions surrounding our group. We have therefore updated our materiality by always paying attention to our relationship with the society which we are part of, and by listening even more closely to the opinions of our stakeholders.

It is not the case that all the topics plotted in the previous materiality matrix have been completely replaced. Rather, due to changes in the social and business environment, some topics have developed into several specific issues, while others have evolved into more advanced topics. Or, as we worked on the topics and rolled out our initiatives, the positions on the matrix have changed, as the initiatives yielded results and the importance or impact to stakeholders and to the JT Group changed. These were rearranged as materiality topics as we were conducting the latest materiality assessment.

Could you tell us about The JT Group Materiality that you have identified from the new materiality matrix?

All topics are important, so we have repeatedly considered what sort of priority should be given and what should be the most important issues for the JT Group.

The importance of one specific topic can be identified by making a relative comparison with others. But it is also true that one topic on its own cannot cover the underlying importance of a larger issue. The environment, society, and the life of each individual are all intricately connected within the same ecosystem. Rather than simply identifying topic by topic, we decided to specify five big groups of issues which are closely connected. It may be a small thing, but this way of identifying materiality also represents the uniqueness of our Group. We checked and rechecked the issues one by one to establish whether they are unique to the JT Group. We also examined whether our initiatives for the issues would be unique to our Group. Bearing these in mind, we have shown our commitment for all the topics materiality identified.

Furthermore, there is common theme that is relevant to all the five topics of materiality. In my opinion, this is "people come first", be it human rights, environment or the wider society. People, environment and the wider society are all interconnected and we should respect them all. Our materiality is based on this premise. Please view our materiality with these thoughts in mind.

Please tell us about the outlook for 2023 and the sustainability challenges ahead.

We have announced the new materiality, but our work is not over yet. The key process of incorporating the new materiality into our strategy, formulating specific initiatives, and setting goals and targets will follow. At the Group level, we will continue to monitor and promote the JT Group Environmental Plan 2030. We will also continue to engage with our stakeholders, further develop human rights due diligence, and contribute to our local communities with a view to gaining insights into matters relating to social capital. Furthermore, in terms of sustainability initiatives for each business of the Group, we will support our business functions in promoting initiatives, setting goals, monitoring, and reporting on progress.

The wave of regulation for sustainability disclosure which started in Europe is evolving into a global movement. Regulations governing the disclosure of sustainability information are being considered in Europe, the United States, and Japan, and preparations are under way for their enforcement. For example, in Japan, the focus of disclosure regulations is on "climate change" for environmental issues and "human capital" for social issues - both topics are among the five topics of materiality that we have identified this time. We believe that diversity of people is a source of our competitiveness, and we will strive to foster a corporate culture that embeds and respects diversity. As for improving our impact on the environment, we will not only work on existing initiatives concerned with climate change, with preserving natural resources, or with providing sustainable products; we will also keep an eye on upcoming topics such as biodiversity.

We are entering an era in which it is necessary for everyone to accumulate knowledge and track

records in sustainability, be it those who develop frameworks, those who evaluate, or those who are evaluated. We will strive further by creating and providing values unique to the JT Group, and continue our journey to achieve sustainable growth. We want to do this together with our stakeholders and local communities and the society that we are a part of.

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The JT Group materiality and sustainability

Overview

Materiality



Sustainability
Targets



Sustainability
Advisory Forum



Sustainability
initiatives



The JT Group's management principle is the 4S model. We believe that as nature, society and people's lives are intertwined, sustaining our ways of living, and the activities of entities, will depend on the sustainability of the environment and society in which we exist. In pursuing this principle and by realizing the JT Group Purpose, we will contribute to the sustainability of our environment and our society.

The JT Group Materiality is the foundation of our sustainability management. We have revised our materiality and identified five material topics, namely "Living with the planet" "Value Creation that exceeds consumer expectations" "Investing in people and provide motivation" "Responsible supply chain management" and "Good governance". Based on the revised materiality, we have been working on specific goals and initiatives for the Group. The JT Group Sustainability Targets have been set, consisting of a total of 25 items. These targets will be re-visited regularly so that they can evolve further.











Our group will contribute to sustainable planet and society, by realizing our purpose, moving forward with specific initiatives set as sustainability targets based on our materiality.

[Read more](#)  about JT Group Sustainability Targets

Setting the JT Group Sustainability Targets

"Living with the planet"

We believe that people's lives, society, corporate activities, and the activities of all people are part of the ecosystem. On this basis, we have looked at our past environmental initiatives. We did so from the perspective of the ecosystem, considering the aspect of biodiversity as well as the impact that our business may have on the ecosystem. To resolve any of negative impact beyond the resilience of our ecosystem, we have established the following sustainability targets.










 Biodiversity impact assessment	 Emission reduction	 Renewable energy
 Protecting water	 Enhancing biodiversity – No deforestation, no conversion	 Waste reduction
 Designing for circularity – Packaging, product and device	 Sustainable agriculture	
 Internal and external collaboration	 Community investment	

[Read more](#) about 'Living with the planet'

“Value creation that exceeds consumer expectations”

We strive to provide value that exceeds the expectations of a wide range of consumers or society with innovative products and services.

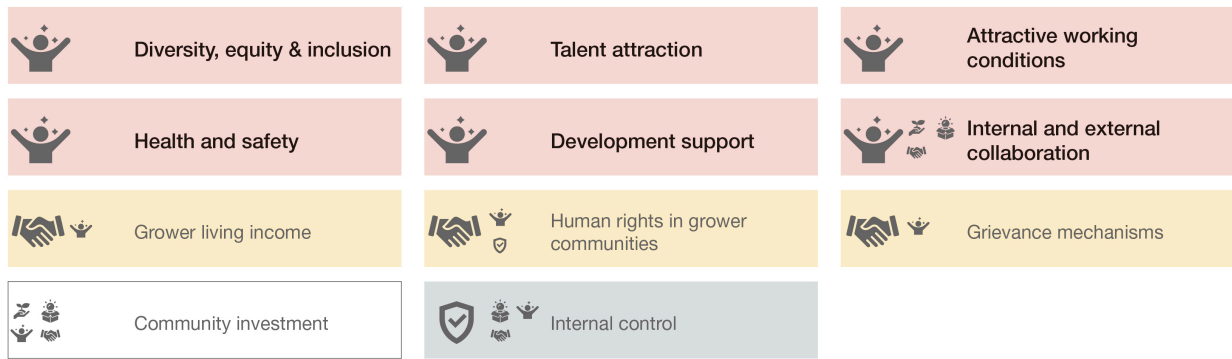
We have set the following sustainability targets with the aim of realizing their aspirations, through initiatives in each of our businesses of tobacco, pharmaceutical, and processed food.

 Reduced-Risk Products	 Transparency in reduced-risk science	 Youth access prevention
 Creating first-in-class drugs	 Food inclusion	
 Designing for circularity – Packaging, product and device	 Internal and external collaboration	 Community investment
 Internal control		

[Read more](#) about 'Value creation that exceeds consumer expectations'

“Investing in people and provide motivation”

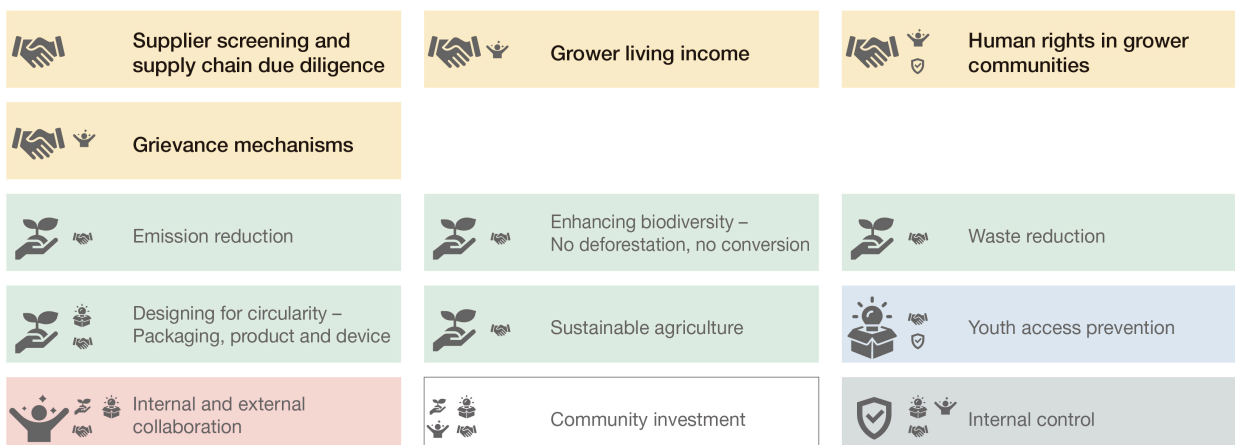
We believe that each employee is the starting point for all the activities in realizing our purpose and the importance of human resources will continue to grow in the future. We have set the following sustainability targets with the aim of tackling multiple themes from multiple angles in order to further expand the group's human resources.



[Read more](#) about ‘Investing in people and provide motivation’

“Responsible supply chain management”

Our supply chain is essential for our business. It is crucial for our supply chain to be resilient to the rapid changes in the business environment. As part of the key initiative, we perform supplier screenings and supplier due diligences. We are also committed to addressing the social issues faced by our suppliers and the communities in which they operate. It is important that we work jointly to solve these issues and we have set the following sustainability targets.



[Read more](#) about 'Responsible supply chain management'

“Good governance”

Good governance is the foundation for improving the satisfaction of various stakeholders and for our Group to continue to be a trustworthy corporate entity. We believe that this is the basis for all our activities. We strive to realize sustainable profit growth and continuous improvement in corporate value over the mid- to long-term, while also contributing to the development of our stakeholders, the economy and to the whole society. With this in mind, we have established the following sustainability targets, taking into account the characteristics of each of our businesses.



[Read more](#) about 'Good governance'

Updating the JT Group materiality

We started our materiality assessment in 2013, and in 2015 for the first time through interviews with our external and internal stakeholders, we completed our original materiality assessment to cover the entire JT Group.

Since we selected our original materiality, external circumstances and the business environment in which we operate have changed. In 2021, we began updating the Group's materiality framework by identifying and analyzing our materiality topics. Through interviews with internal as well as external stakeholders, we have selected and prioritized our materiality topics and updated the materiality matrix accordingly. We then identified issue groups for the Group materiality consideration to set out the JT Group Materiality.

Our materiality is based on the concept of double materiality, taking into account the significance to and impact on our stakeholders and the society, and the significance and impact to the JT Group for sustainable growth. The whole process was conducted in accordance with the advice of an external consultant.

Updating the materiality matrix - the process

The JT Group Materiality was updated through the following four phases.

Phase 1: Identifying materiality topics

- Identify topics that may have impact on the sustainable growth or sustainability challenges of our Group, bearing in mind the changes in our external operating environment and the business challenges.
- Identify topics by researching and analyzing a wide range of information including but not limited to sustainability disclosure standards or framework such as SDGs, SASB or GRI, risk factors found through our enterprise risk management process, or materiality of our competitor firms, among others.

Phase 2: Stakeholder interviews and desktop searches

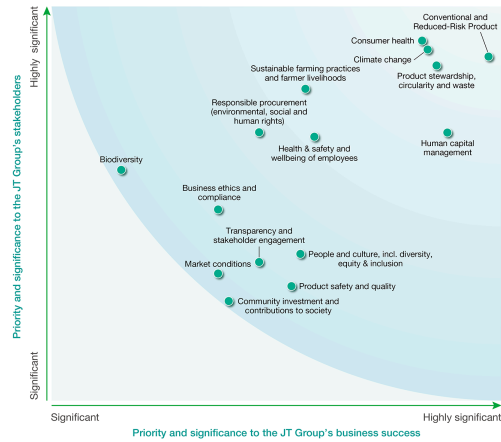
- Integrate internal and external stakeholder opinions by conducting interviews and surveys, using the topics identified in the phase 1 process.
- Prioritize the topics for our external and internal stakeholders through desktop analysis of information issued by external rating agencies, global mega-trends or media reports, ensuring there are no gaps and that all relevant topics have been included.
- Conduct interviews with a wide range of stakeholders to maintain quality of the materiality assessment, bearing in mind that the priority of materiality topics may vary depending on the individual stakeholder.

Track record of stakeholder interviews, surveys

- Primarily senior vice presidents of corporate and business functions of the Group: **119** SVPs or others in similar positions
- Suppliers, customers, NGOs, other external parties: **27** cases
- Investors, banks: **38** cases
- Employees and others: Approximately **450** cases

Phase 3: Plotting the matrix and prioritizing

- As with our original matrix, we first set out the materiality matrix of our business, which was subsequently expanded to include the entire Group.
- We visualize the individual material topics by plotting priorities of significance to and impact on our stakeholders on the vertical axis and priorities of significance to and impact on our Group’s long-term business on the horizontal axis.



Phase 4: Identifying the issue groups

Selecting priority topics or issues for the JT Group as well as for our stakeholders for sustainable growth of the Group and our society. Then arranging the topics into five groups with similar issues or expected effects, namely, preserving our environment, product and services, people, supply chain management and governance.

The JT Group materiality

The JT Group’s management principle is the 4S model. We believe that as nature, society and people’s lives are intertwined, sustaining our ways of living, and the activities of entities, will depend on the sustainability of the environment and society in which we exist. In pursuing this principle and by realizing the JT Group Purpose, we will contribute to the sustainability of our environment and our society.

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[Read more](#)  about the JT Group Sustainability Targets

Identifying materiality: Stakeholder comments

Through the process of updating our materiality matrix and identifying the five topics of high priority materiality, we engaged with a variety of stakeholders in order to gather their views and opinions. Here are some in their own words:

External stakeholder



We provide advice and proposals to a wide range of companies facing sustainability issues. Materiality is the starting point of prioritizing your sustainability issues and a vital process which could influence on mid- to long-term sustainability initiatives of a firm. Our role was to provide feedback to the JT Group post its materiality selection. By looking at the process that the Group has taken in selecting its materiality, we learned that not only was the firm concerned with its own business issues, but it also took into consideration issues that our society is currently facing, checking them one by one. The stakeholder interview was thoroughly conducted with high awareness for the challenges

to the JT Group in identifying its materiality.

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Leaf supply chain
due diligence
director,
tobacco business,
JT International

“

Agricultural Labor Practices (ALP) is the of key programs for our leaf supply chain management and integral part of our Leaf Supply Chain Due Diligence process. The ALP program started in 2012, by launching ALP guidance, with minimum expectation vs. Child Labor Elimination, Improving Rights of Workers and Health and Safety conditions on a farm level. JTI extended the implementation of the ALP program from own operations to third party suppliers in 2015. The program has

evolved through continuous learning and engagement with all the stakeholders (growers, International Labour Organization, OECD, own operations, third-party suppliers etc.). ALP today is a part of the broader Leaf Supply Chain Due Diligence process. We continue to deliver against JT Group ALP target 'we will implement ALP in all sourcing countries by 2025'. A significant progress made is full ALP implementation in newly acquired businesses in Bangladesh and Ethiopia. Supply chain management was a very high material issue in our original materiality assessment. JTI's latest materiality assessment emphasized the need to further strengthen the efforts against mapped challenges in our leaf supply chain.

”

Team leader,
sustainability,

food business
planning division,
processed food
business, JT Inc.



In the processed food business, we strive to pursue the JT Group Purpose 'Fulfilling Moment, Enriching Life' through food experience. To support the Group Purpose, we have set our business purpose 'Bringing Joy to the Meals and Fun to the Table'. This business purpose will be the cornerstone in working through the challenges faced by our society in relation to food. We want to make this journey together with all our stakeholders, be it our colleagues or our consumers, while pursuing to provide value that only our firm can deliver. The five topics of materiality identified will act as an important guide as we strive to accelerate our initiatives.



Hisashi Hamada
materiality project
leader, sustainability
management
division, JT Inc.



In updating our materiality, I gave a great deal of thoughts to the relationship between the environment, society, people's lives, and corporate activities. For the pursuit of sustainability, I strongly felt the need to work jointly, not only within the JT Group but also with all the stakeholders. Setting our materiality is the beginning of our journey. We will continue to engage with various stakeholders and accelerate our efforts together. Moreover, we will monitor the progress of the initiatives in place, and by capturing changes in the social and business environment, I hope that 'our' materiality can be updated jointly and flexibly with our stakeholders in the coming future.



Sustainability Advisory Forum

Since 2020, we have held regular Sustainability Advisory Forums to discuss the Group's sustainability issues. With our Chief Sustainability Officer acting as Chairman, the forum is attended by heads of the JT Group's businesses and corporate functions. In 2022, two forums were held. We discussed and shared information about sustainability issues such as updating the Group's materiality, checking the progress of and revisiting our Group Environment Plan 2030 including our work on climate change, progress on enterprise risk management, integrated reporting, and assistance for Ukraine, among others. Discussions at the forum are appropriately reported to the CEO and Board of Directors.

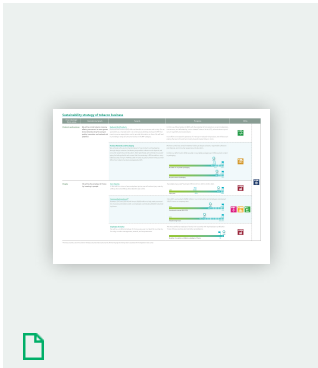
SUSTAINABILITY ADVISORY FORUM



Progress of our sustainability initiatives in 2022

Progress of [the JT Group Environment Plan 2030](#) or KPI progress by each business segment are reported to the Board of Directors every year.

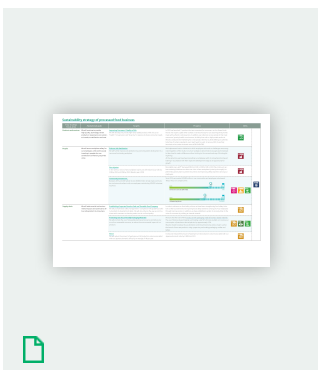
Focus areas, aspirational goals, targets and progress of each business for 2022 are shown below.



Tobacco business:
Focus areas, aspirational goals, targets and progress, related SDGs



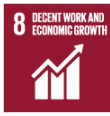
Pharmaceutical business:
Focus areas, aspirational goals, targets and progress, related SDGs



Processed food business:
Focus areas, aspirational goals, targets and progress, related SDGs

Contributing to the SDGs

The JT Group supports the Sustainable Development Goals (SDGs) adopted by the United Nations. Through our business activities, the JT Group will contribute to the SDGs related to our business and its environment. We have mapped related SDGs against our initiatives for sustainable business, and identified the nine SDGs to which our business can best contribute.



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