

Basis of Reporting

This page outlines the scope of reporting, and the way we define, calculate, and consolidate data, notably for topics such as compliance, human resources, workplace health and safety, environment, and community investment. We provide the information according to the following three

| DEFINITIONS | SCOPE | DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS |
|---|---|---|
| We clarify the meaning we attach to specific terms used as part of our performance data points. | The scope of the data (correct for the business structure of the JT Group as of December 31, 2023) and any exclusions*, if applicable. We report data for the entire JT Group, including subsidiaries, wherever possible. | We provide information for the calculations, formulas, consolidation method, and any assumptions or estimates used. |

categories:

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- Compliance
- Human resources
- Workplace health and safety
- Environment
- Community investment
- Tobacco business sustainability targets

Compliance

NON-DISCRIMINATION

GRI 406-1

Total number of incidents of discrimination and corrective actions taken

| DEFINITIONS | SCOPE | DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS |
|--|--|---|
| <p>This category includes reported cases related to discrimination. Discrimination occurs when a person, or group of people, is treated less favorably than another person or group based on gender, age, race, religion, disability, sexual orientation, marital status, family status, ethnic background, national origin, or any other characteristic protected by law.</p> | <p>The entire JT Group, including subsidiaries^{*A}.</p> | <p>The number of grievances are counted based on exported data from our Reporting Concerns Mechanism.</p> |

NUMBER OF REPORTED CASES OF GRIEVANCES ABOUT HUMAN RIGHTS DEFINITIONS

| DEFINITIONS | SCOPE | DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS |
|---|---|--|
| <p>This category includes reported cases related to harassment (including sexual harassment and moral harassment), discrimination, child labor, breach of human rights, and data privacy violation.</p> | <p>The entire JT Group including subsidiaries^{*A}.</p> | <p>The number of reported cases is counted based on exported data from our Reporting Concerns Mechanism.</p> |

NUMBER OF REPORTED CASES OF FRAUD AND MISUSE OF COMPANY ASSETS

| DEFINITIONS | SCOPE | DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS |
|---|---|--|
| <p>This category includes reported cases related to fraud and misuse of company assets.</p> | <p>The entire JT Group including subsidiaries^{*A}.</p> | <p>The number of reported cases is counted based on exported data from our Reporting Concerns Mechanism.</p> |

NUMBER OF REPORTED CASES RELATED TO ANTI-COMPETITIVE BEHAVIOR

| DEFINITIONS | SCOPE | DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS |
|---|--|---|
| This category includes reported cases related to breach of competition law. | The entire JT Group including subsidiaries ^{*A} . | The number of reported cases is counted based on exported data from our Reporting Concerns Mechanism. |

NUMBER OF REPORTED CASES RELATED TO CORRUPTION

| DEFINITIONS | SCOPE | DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS |
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| This category includes reported cases related to bribes and kickbacks. | The entire JT Group including subsidiaries ^{*A} . | The number of reported cases is counted based on exported data from our Reporting Concerns Mechanism.. |

NUMBER OF REPORTED CASES OF GRIEVANCES ABOUT LABOR PRACTICES

| DEFINITIONS | SCOPE | DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS |
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| This category includes reported cases related to abuse of power, retaliation, exclusion, conflict of | The entire JT Group including subsidiaries ^{*A} . | The number of grievances is counted based on exported data from our Reporting |

| DEFINITIONS | SCOPE | DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS |
|---|-------|---|
| interest, unlawful and unfair dismissal, inappropriate and disrespectful behavior, and breach of employee health & safety requirements. | | Concerns Mechanism. |

PERCENTAGE OF EMPLOYEES WHO RESPONDED TO COMPLIANCE SURVEY

| DEFINITIONS | SCOPE | DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS |
|---|---|--|
| The percentage of employees who responded to our annual compliance survey, conducted online,. | Our Japanese operations, including subsidiaries of Japanese domestic businesses ^{*C} , excluding Torii Pharmaceutical. | The data is calculated based on an assumption that all employees with a valid corporate email address receive an invitation to complete the survey, and all employees who do not have an email address access to online questionnaire with their unique ID and password. |

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

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

Human resources

WORKFORCE INFORMATION

GRI 102-8

Information on employees and other workers

| DEFINITIONS | SCOPE | DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS |
|---|---|---|
| <p>The workforce consists of people working for the Company at the end of the year as follows:</p> <ul style="list-style-type: none">• Full-time employee: is defined according to national legislation and practice regarding working time (such as national legislation that defines “full-time” as a minimum of 9 months per year and a minimum of 30 hours per week).• Part-time employee: is defined as an employee whose working hours per week, month, or year, are less than ‘full-time’, as defined above.• Supervised worker: is defined as an individual who performs regular work on-site for, or on behalf of, the organization.• Permanent contract: is defined as a | <p>The entire JT Group including subsidiaries^{*A}, We provide the following data with limited scope due to data collection methodology:</p> <ul style="list-style-type: none">• The gender breakdown of temporary part-time employees: solely JTI^{*E}.• The breakdown of temporary part-time employees and supervised workers: our Japanese operations, including subsidiaries of Japanese domestic businesses^{*C}. <p>No substantial portion of our work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised workers of contractors.</p> | <p>The figures are calculated based on exported data from our HR systems.</p> |

| DEFINITIONS | SCOPE | DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS |
|---|-------|---|
| <p>contract for an indeterminate period.</p> <ul style="list-style-type: none"> Temporary contract: is defined as a contract for a limited duration or determinate period. | | |

PERCENTAGE OF TOTAL ELIGIBLE EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS

GRI 102-41

Collective bargaining agreements

| DEFINITIONS | SCOPE | DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS |
|--|---|---|
| <p>An employee is covered by a collective bargaining agreement if the employee declares their intentions to be part of a trade union and pays periodical union dues.</p> | <p>Our Japanese operations, including subsidiaries of Japanese domestic businesses*^C. A total of 22 Japanese domestic Group companies have labor unions. Those without a labor union are out of scope.</p> <p>Data from JTI is excluded, because the law in some of the countries where we operate</p> | <p>Data is calculated as of the end of the year, using data held in our HR systems.</p> |

| DEFINITIONS | SCOPE | DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS |
|-------------|---|--|
| | prohibits us from investigating whether an employee is unionized. | |

MARKET PRESENCE

GRI 202-1

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

| DEFINITIONS | SCOPE | DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS |
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| <p>Significant locations for this indicator are defined as JT's Tokyo headquarters (HQ), JTI UK and JTI Trier factory in Germany. Standard entry-level wage is defined as the theoretical lowest wage in the location and is therefore equal to, or lower than, the actual lowest wage paid in the entity.</p> <p>Local minimum wage refers to compensation per hour or other unit of time for employment allowed under law.</p> <ul style="list-style-type: none">• JT Tokyo HQ: official minimum wage of the Tokyo metropolitan area.• JTI Trier factory: official German minimum wage.• JTI UK: official U.K. minimum wage. | <p>For JTI, the scope includes permanent full-time and part-time employees, and temporary full-time employees. In JT, the scope includes only permanent full-time and part-time employees. Temporary full-time employees are excluded.</p> | <ul style="list-style-type: none">• JT Tokyo HQ: the basis for calculation is hourly minimum wage and monthly entry-level wage.• JTI Trier factory: the basis for calculation is hourly minimum wage and hourly entry-level wage.• JTI UK: the basis for calculation is hourly minimum wage and yearly entry level-wage. |

EMPLOYMENT

GRI 401-1

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

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

| DEFINITIONS | SCOPE | DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS |
|-------------|--|---|
| | including subsidiaries ^{*A} . <ul style="list-style-type: none"> Number and rate of turnover by age: the entire JT Group, including subsidiaries^{*A}, excluding Akros Pharma Inc. and Fuji Foods. | |

GRI 401-2

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

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

LABOR/MANAGEMENT RELATIONS

GRI 402-1

Minimum notice periods regarding operational changes

| DEFINITIONS | SCOPE | DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS |
|---|--|--|
| <p>Minimum notice periods are defined as those required, if any, by law in the country where the operational change occurs.</p> | <p>We disclose significant operational changes that have substantial consequences for a large proportion of employees. The reported information corresponds to closures or withdrawal from business publicly announced during 2023 or earlier, but which had not been completed yet.</p> | <p>Notice periods are calculated and disclosed in two different ways: the number of months between the announcement of the closure and the first redundancies, and the number of months between the announcement of the closure and the closedown.</p> |

TRAINING AND EDUCATION

GRI 404-2

Programs for upgrading employee skills and transition assistance programs

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

GRI 404-3

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

| DEFINITIONS | SCOPE | DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS |
|--|--|---|
| <p>We consider an employee to be receiving regular performance and career development reviews if the employee has an opportunity to have their development and business objectives, as well as competences, evaluated by their superior at least twice a year.</p> | <p>The entire JT Group, including subsidiaries^{*A}, and it includes permanent full-time and part-time employees, and temporary full-time employees, but excludes employees in entities where an SAP system has not yet been introduced. However, the scope of breakdown by positions is our tobacco business in Japan, pharmaceutical and JTI^{*D}.</p> | <p>Data is calculated as the total number of employees who received a performance and career development review in 2023 divided by the total number of employees at the end of 2023. This excludes employees working in our factories, where the reviews are carried out on paper and cannot be tracked by our HR system. New hires joining in Q4 2023 are excluded from the data, as they were not eligible for a 2023 performance review.</p> |

DIVERSITY AND EQUAL OPPORTUNITY

GRI 405-1

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

| DEFINITIONS | SCOPE | DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS |
|---|---|---|
| <p>Employee age is classified in three groups: under 30, between 30 and 50, and above</p> | <p>The entire JT Group, including subsidiaries^{*A}, excluding employees in</p> | <p>The figures are calculated based on exported data from our HR systems.</p> |

| DEFINITIONS | SCOPE | DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS |
|--|---|---|
| <p>50 years of age.</p> <p>For JT and Japanese domestic subsidiaries, the following definitions are used for employee categories:</p> <ul style="list-style-type: none"> Executive Officers are persons who are appointed by the Board of Directors, are assigned certain responsibilities, and delegate relevant authorities in accordance with the rules defining the extent of responsibility and authority. Management is defined as persons in positions of supervision or management according to national legislation and practice, and excluding Executive Officers. Employees are persons who are not in management positions. <p>For JTI, the following definitions are used for employee categories:</p> <ul style="list-style-type: none"> Employees that are members of the Executive Committee are | <p>entities where an SAP system has not yet been introduced. Akros Pharma Inc. and Fuji Foods are included in the data by position and gender but excluded from the data by age group. The data consists of permanent full-time and part-time employees, and temporary full-time employees. We disclose only the gender and age breakdowns.</p> | |

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

EQUAL REMUNERATION FOR WOMEN AND MEN

GRI 405-2

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

| DEFINITIONS | SCOPE | DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS |
|---|---|--|
| <p>Significant locations for this indicator include JT Tokyo HQ, JTI Geneva HQ, and JTI UK.</p> <p>Unless specifically stated, the following definitions are used for employee categories for JT:</p> | <p>In JT , the scope includes permanent full-time and part-time employees, and temporary full-time employees. In JTI Geneva HQ , the scope includes permanent full-time employees, and excludes those who are not paid in CHF, and members of the Executive Committee. In JTI UK, the</p> | <p>The figures for JT , JTI Geneva HQ and JTI UK are calculated based on 'annual base salary.'</p> <p>, We calculate the average annual base</p> |

| DEFINITIONS | SCOPE | DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS |
|--|---|---|
| <ul style="list-style-type: none"> Executive Officers are persons who are appointed by the Board of Directors, are assigned certain responsibilities, and delegate relevant authorities in accordance with the rules defining the extent of responsibility and authority. Management is defined as persons in positions of supervision or management according to national legislation and practice, and excluding Executive Officer. Employees are persons who are not in management positions. <p>The following definitions are applied for employee categories for JTI:</p> <ul style="list-style-type: none"> Vice President Director Manager Associate | <p>scope includes permanent full-time employees and Vice Presidents are excluded as no female employee is at this position.</p> | <p>salary by gender for each employee category defined at left. This average is used to calculate the ratio of annual base salary of women to men within each category.</p> |

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

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

Workplace health and safety

OCCUPATIONAL HEALTH AND SAFETY

GRI 403-2

Hazard identification, risk assessment, and incident investigation

| DEFINITIONS | SCOPE | DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS |
|---|---|--|
| <p><Definitions of the individuals></p> <ul style="list-style-type: none"> • Employees: Individuals who are in an employment relationship with the organization according to national law or its application. • Supervised workers: Individuals who, though not employees, perform regular work on-site for or on behalf of the organization. • Contractors: Individuals who are not JT Group employees and provide services permanently described in a contract to the JT Group whose work are not under the JT Group's supervision. <ul style="list-style-type: none"> ※ Supervised workers are not categorized as contractors because their works are monitored by the JT Group employees. • Members of the public: Third-parties other than mentioned the above. The examples are as follows. <ul style="list-style-type: none"> ✓ Visitors | <p><Number of Fatalities></p> <ul style="list-style-type: none"> • The entire JT Group, including subsidiaries^{*A}. • This includes employees and supervised workers, contractors, and members of the public. <p><Lost Time Injury Frequency Rate(LTIFR)></p> <p><Occupational Illness Rate(OIR)></p> <p><Work Accident Severity Rate></p> <ul style="list-style-type: none"> • The entire JT Group, including subsidiaries^{*A}. • This includes employees and supervised workers. <p>※ This rate is not available for contractors and members of the public because their working hours are not managed by the JT Group.</p> <ul style="list-style-type: none"> • | <p><Consolidation method></p> <ul style="list-style-type: none"> • In our Japanese operations, including subsidiaries of Japanese domestic businesses, health and safety data are reported to headquarters by individual functions and the subsidiaries on an annual basis, while serious incidents are reported immediately. The numbers reported are based on the number of health and safety related events that were submitted to, and are recognized by, relevant Japanese authority as such. • At JTI, health and safety data are collected globally and individual sites and locations report to the headquarters through a system on an ongoing basis. <p><Data calculation></p> <ul style="list-style-type: none"> • Number of Fatalities: The total number of all work-related fatalities within our defined scope. |

- ✓ Contractors who provide services temporarily. (e.g. gardener, carpenter)
- ✓ Sub-contractors who are not JT Group employees and are hired JT Group contractors to perform specific tasks as part of the overall project from which the JT Group benefits. (e.g. Electricians who work as part of a construction project a JT Group workplace.)

<Definitions of the category>

- Fatalities: The case which is died caused by work-related injuries or illnesses.
- Lost Time Injuries(LTIs): The case which is absent from work 1 day or more caused by work-related injuries.
- Occupational Illnesses: The case which is absent from work 1 day or more caused by work-related illnesses.
 - ※ 'Occupational Illnesses' is negative impacts on health arising from exposure to hazards at work. 'Occupational Illnesses' indicates damage to health and includes

- Lost Time Injury Frequency Rate(LTIFR): This is calculated by the following formula within our defined scope.
- Total number of 'Lost Time Injuries(LTIs)' / Total working hours * 1,000,000 working hours
- Occupational Illness Rate(OIR): This is calculated by the following formula within our defined scope.
- Total number of 'Occupational Illnesses' / Total working hours * 1,000,000 working hours
- Work Accident Severity Rate: This is calculated by the following formula within our defined scope.
- Total number of days absent from work due to injuries or illnesses caused by work accidents / Total working hours * 1,000 working hours
- ※ The 'Total working hours' for the supervised workers are calculated by using 'regular working days' and 'regular working hours' as the actual working hours are not available in our Japanese operations.

diseases, illnesses, and disorders. The terms 'disease', 'illness', and 'disorder' are often used interchangeably and refer to conditions with specific symptoms and diagnoses.

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

- Work Accident Severity: This refers to the severity level of accidents and represents the number of days absent from work caused by work-related injuries or illnesses.

<The cases of work-related accidents>

The following cases are considered to be work-related accidents.

In the JT Group, the words "work-related" injuries or illnesses and

data

“workplace” injuries or illnesses are used interchangeably.

- Employees • Supervised workers • Contractors: Individuals suffer from injuries or occupational illnesses as a result of carrying out their duties.

Members of the public: Individuals such as visitors suffer from injuries or occupational illnesses associated with the JT Group’s own operations.

Or individuals such as temporarily contractors and sub-contractors suffer from injuries or occupational illnesses as a result of carrying out their duties on the JT Group site

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SCOPE

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

We restate our environmental data, in accordance with our recalculation policy, to take account of significant changes to our business, such as acquisitions, divestments etc. We do this so as to allow a fair comparison of environmental performance over time. We carried out such a recalculation exercise in 2023, hence data for years prior to 2023 have been restated.

ENERGY

CDP submission can be found here: [CDP Climate 2023](#)

GRI 302-1

Energy consumption within the organization

GRI 305-1

Direct (Scope 1) GHG emissions

GRI 305-2

Energy indirect (Scope 2) GHG emissions

GRI 305-3

Other indirect (Scope 3) GHG emissions

GRI 305-5

Reduction of GHG emissions

DEFINITIONS

We measure energy consumption and GHG emissions using the World Resources Institute/World Business Council for Sustainable Development Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004 revised edition) and Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard as guidance.

We report GHG emissions across three areas:

- Scope 1: direct GHG emissions from corporate activities, such as burning of fossil fuels at factories.
- Scope 2: indirect GHG emissions from consumption of purchased electricity, heat, or steam.
- Scope 3: other indirect emissions, including from the manufacture of products bought from other companies.

The reporting unit for energy consumption is terajoules, and for GHG emissions is thousands of metric tons CO₂ equivalent.

DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS

We calculate energy consumption, and Scope 1 and 2 GHG emissions, based on actual energy and fuel consumption at our sites and locations from invoices and meters. Where this information is not available, we use extrapolations based on actual data from a similar site or location to provide estimated energy consumption, which is then used to calculate associated GHG emissions.

Production, floor area, or full-time equivalent (FTE) data are the main benchmarks used to calculate intensity metrics that are used in the extrapolation process. Refrigerant emissions are reported as part of Scope 1 emissions by equating the necessary refrigerant replenishment to what would have been previously leaked into the atmosphere. Liquid CO₂ usage in production is also captured. Emission factors are applied for each refrigerant type and Liquid CO₂ consumption mass.

For GHG reporting, we adopt a market-based approach and in Japan we use GHG emission conversion factors for each electricity supplier, as published by the Japanese government for the latest available year. In other countries, following the GHG protocol market-based reporting guidance, we first account for supplier-specific GHG emission conversion factors, where electricity has been contracted at specific emissions intensities. If supplier-specific tariffs are not applicable, we apply residual grid-mix factors, such as those published by 'Green-e' and the Association of Issuing Bodies (AIB),

DEFINITIONS

DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS

where available. Finally, we use GHG emission conversion factors provided by the International Energy Agency (IEA) and the U.K. Department for Environment, Food and Rural Affairs as country grid averages to ensure that all our electricity consumption is accounted for within the emissions totals.

To calculate Scope 3 GHG emissions, emissions factors come from a variety of sources, including emissions factors from third-party databases and our own life cycle assessments.

All emissions factors are reviewed and, where relevant, restated annually to reflect the most accurate representation of emissions attributable to the JT Group. Electricity factors are updated to reflect actual grid performance for the relevant year(s) as published by the IEA; 'Green-e', and the Association of Issuing Bodies (AIB); or the most recent data if data for the current year is not yet available.

WATER AND EFFLUENTS

CDP submission can be found here: [CDP Water 2023](#)

GRI 303-3

Water withdrawal

GRI 303-4

Water discharge

DEFINITIONS

DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS

We record and report water withdrawal and water discharge at our sites and locations, and take into consideration the framework on water reporting set out by CDP. We report total water withdrawal and breakdown by source, and total water discharge and breakdown by destination. The reporting unit for water withdrawal and water discharge is thousands of cubic meters.

Water withdrawal data and water discharge data are collected at our sites and locations from invoices and/or meters. If a site is unable to report volume of water withdrawal, we use extrapolations based on actual data from a similar site or location to provide estimated data. Production or FTE data are the main benchmarks used to calculate intensity metrics used in the extrapolation process. In the absence of water discharge data, it is assumed that water discharge will be equivalent to water withdrawal.

WASTE

GRI 306-2

Management of significant waste-related impacts

DEFINITIONS

DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS

Our sites base their waste based on the following waste management hierarchy: reduce, reuse, recycle, and recover. If these methods are not feasible, a site will dispose of its waste (disposal being incineration without energy recovery, or landfilling).

We report the total waste generated and the breakdown by handling method, including both non-hazardous and hazardous waste. The reporting unit for waste generation is thousands of metric tons.

Waste data is collected at our sites and locations, and is reported by handling method, primarily from invoices. If a site is unable to report volume of waste generation, we use extrapolations based on actual data from a similar site or location to provide estimated data. Production, floor area, or FTE data are the main benchmarks used to calculate intensity metrics that are used in the extrapolation process.

PERCENTAGE OF ISO 14001 CERTIFIED CIGARETTE AND TOBACCO-RELATED FACTORIES

SCOPE

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

Community investment

LOCAL COMMUNITIES

GRI 413-1

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

| DEFINITIONS | SCOPE | DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS |
|--|--|---|
| <p>Implemented local community investment programs are defined as investments in projects that improve the quality of life of people where we operate in an impactful way.</p> <p>All community investment programs have a recorded input/output/impact defined following the Business for Societal Impact (B4SI) criteria. https://b4si.net/</p> | <p>The entire JT Group, including subsidiaries^{*A}.</p> | <p>The figures are calculated based on data from our community investment database, and data sourced directly from markets, which is cross-referenced with our finance systems to confirm that the program was implemented.</p> |

| DEFINITIONS | SCOPE | DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS |
|--|-------|---|
| <p>In 2023, we assessed the impact of our community investment programs in 10 countries, and we are continuously improving our impact assessment methodology. Investments in communities that relate to tobacco leaf production are specifically excluded from this indicator.</p> | | |

ECONOMIC PERFORMANCE

GRI 201-1

Direct economic value generated and distributed

| DEFINITIONS | SCOPE | DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS |
|---|--|--|
| <p>The value of community investment is the total sum of inputs as defined by the Business for Societal Impact (B4SI) criteria. https://b4si.net/</p> <p>Investments include employee time, cash,</p> | <p>The entire JT Group, including subsidiaries^{*A}.</p> | <p>The figures are calculated based on data from our community investment database and market reports and checked against financial reports. All financial data is converted from local currency to Japanese yen, using internally agreed exchange</p> |

| DEFINITIONS | SCOPE | DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS |
|--|-------|---|
| <p>in kind, and management cost contributions for the programs included in <u>GRI 413-1</u> that are provided to benefit a community, and JT International S.A.'s annual endowment to the JTI Foundation.</p> <p>The calculation of time and management cost is based on the <u>B4SI</u> methodology. Cost of time is based on an average hourly rate calculated using a weighted average salary (including bonuses) across all work groups (excluding the Executive Committee) based on data for the year up to December 31, 2020.</p> <p>Cash contributions are calculated based on the gross monetary value donated.</p> <p>In-kind contributions are calculated taking into account depreciation for the goods or services provided.</p> | | <p>rates.</p> |

TOBACCO BUSINESS SUSTAINABILITY TARGETS

REDUCED-RISK PRODUCTS

| DEFINITIONS | SCOPE | DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS |
|--|----------------------|---|
| <p>RRP products include Heated tobacco, E-vapor and Oral products</p> <p>Product types:</p> <ul style="list-style-type: none">• Heated tobacco products:<ul style="list-style-type: none">○ HTS (heated tobacco sticks): HTS generate an aerosol containing nicotine by heating a tobacco stick.○ Infused (infused tobacco capsules): Infused is a hybrid system which creates a tobacco-enriched vapor using indirect heating.• E-Vapor products: E-Vapor products heat a nicotine-containing liquid instead of tobacco leaves and come in different formats: open tanks, closed pods and disposables• Oral products (nicotine pouches | <p>All countries</p> | <p>Number of countries where RRP products are available: Number of countries where our Heated tobacco, E-vapor and Oral products were available by December of the reporting year.</p> |

| DEFINITIONS | SCOPE | DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS |
|--|-------|---|
| <p>and snus): They are usually in the form of small pouches to be inserted in the mouth between the lip and the gum. If they contain tobacco they are referred as snus, if they don't, as nicotine pouches</p> | | |

ZERO INJURIES

| DEFINITIONS | SCOPE | DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS |
|--|---|--|
| <p>We define "recordable injury rate" as the number of recordable injuries per 200,000 hours worked.</p> | <ul style="list-style-type: none"> • Our tobacco business (incl. Japanese tobacco business subsidiaries), Only employees (incl. supervised workers) are in the scope. • In our Japanese domestic Group companies, the data regarding supervised workers in 2015 is not available, so we used the 2017 data as a proxy for 2015. | <p>Injury rate The sum of the number of fatalities and lost time injuries for both JT and JTI, plus JTI's (RTC +MTC) divided by (Actual working hours of JT-JTI Employees + Actual working hours of JTI supervised workers + Theoretical working hours of JT supervised workers (approx. 240 working days × 8 hours (regular working hours per day)) times (x) 200,000 working hours.</p> |

| DEFINITIONS | SCOPE | DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS |
|-------------|---|--|
| | <p>JT Employees: Full-time, part-time, supervised workers. Excludes: commuting to normal place of work.</p> <p>JTI Employees: Permanent, temporary, independent contractors to whom the organization is liable for the general safety of the working environment (direct supervision). Excludes: - Commuting to and from normal place of work - Some data from newly acquired business has been excluded, as newly acquired business needs 18 months to integrate the JT Group Health and Safety Standards.</p> | <p>Reduction rate The difference of the base line (2015) injury rate and 2023 injury rate, divided by the 2023 injury rate.</p> <p>Recordable Injury rate The sum of the number of fatalities and lost time injuries, plus restricted work cases and medical treatment cases divided by the total number of hours worked, multiplied by 200,000 working hours.</p> |

| DEFINITIONS | SCOPE | DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS |
|---|---|---|
| <p>Total amount of investment (U.S. dollars):</p> <ul style="list-style-type: none"> We define "amount of investment in U.S. dollars/Yen" as the combined value of cash contributions, time contributions, in-kind contribution of products, property or services and management costs (community investment program staff salaries). This definition is aligned with the definition in the B4SI framework. <p>Our community activities are classified according to the categories below:</p> <ul style="list-style-type: none"> Charitable donation: ad hoc or one-off contributions to support others, e.g. post-disaster donations to a community in need. Community investment: these initiatives address social issues that we identified as being relevant to both our Company and our communities. This is linked to a strategy and outcomes can be | <p>The entire JT Group, including subsidiaries^{*A} and the JTI Foundation.</p> | <p>Total amount of investment (U.S. dollars): Included in total: cash (including JTI Foundation), management costs, time, in kind (JT target amount: 250 million U.S. dollars, JTI target amount: 350 million U.S. dollars)</p> <p>Volunteering: Number of hours of active engagement in community activities during paid working time (JTI target: 200,000 hours / JT target: 100,000 hours)</p> |

| DEFINITIONS | SCOPE | DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS |
|--|-------|---|
| <p>measured.</p> <ul style="list-style-type: none"> Commercial initiatives in the community: these initiatives are business-related activities, usually undertaken by departments outside the community function(e.g. marketing R&D), to support the success of the company and promote its brand and other policies, that also deliver community benefit. <p>Volunteering:</p> <ul style="list-style-type: none"> We define "Company time" as "during paid working hours". We only account for employee volunteering during working hours. Employees include all of our registered employees in both markets and factories. We define volunteering as active engagement in community activities. | | |

| DEFINITIONS | SCOPE | DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS |
|---|--|---|
| <ul style="list-style-type: none"> • “Country” refers to a country in which any JTI legal entity was certified. It can be a market office, a factory, or business support center. If there are several certified JTI entities located in the same country, this does not impact the target. We only count each country once. • We define “a certified Employer of Choice” as an employer with a third-party certification based on external assessment, such as Top Employer, Great Place to Work, the Pride Index, Investors in People, local certifications such as Bilan, etc. • We define local certification as any local third-party certification based on external assessment. • The Top Employers Institute is the global authority on recognizing excellence in people practices. | <p>All countries where we have a business presence. Top Employer is a global initiative that is centrally coordinated (identification of the countries and governance) but locally addressed (audits are carried out at a local level). Top Employer contributes to 90% of the target. Other local certifications contribute to 10% of the target.</p> | <ul style="list-style-type: none"> • Number of countries certified as ‘Top Employer’: total number of countries certified as 'Top Employer' at JTI. • Number of countries awarded with local certifications: total number of countries in our tobacco business awarded with local certifications. |

AGRICULTURAL LABOR PRACTICES (ALP)

| DEFINITIONS | SCOPE | DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS |
|---|-------|---|
| <p>Agricultural Labor Practices (ALP) is a key programs under the umbrella of Leaf Supply Chain Due Diligence (SCDD). The SCDD is a five-step framework process to Identify, Prioritize, Respond, Measure, and Communicate (including formal reporting) and report on labor and human rights in the leaf tobacco supply chain.</p> <p>ALP sets labor practice guidelines with directly contracted growers or with third-party leaf suppliers (to be implemented with their contracted growers). At JTI, we observe growers through announced and unannounced site visits. In our international tobacco business, JTI local teams conduct site visits where we have direct contracts with growers, and our third-party leaf suppliers visit their contracted growers. Observational data is collected in individual markets (referred to as origins) and reported internally. The observations made against labor practice guidelines are analyzed and improvement</p> | | |

| DEFINITIONS | SCOPE | DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS |
|--|-------|---|
| <p>actions are defined, in line with the SCDD process.</p> <p>We have three KPI's related to ALP: % suppliers' entities reporting to ALP, % volume covered by ALP, and % growers covered by ALP.</p> <p>The reporting year does not always match crop season. Crop season vary according to the location in which the tobacco is grown, usually (not always) in Northern Hemisphere crop season matches calendar year, and in Southern Hemisphere usually crop season starts in Q3 of the calendar year and ends in Q1/Q2 the following year. We report the data and events relevant for the crop season, based on the year when the crop season ends.</p> | | |

KPI 1: % supplier entities reporting to ALP

| DEFINITIONS | SCOPE | DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS |
|--|------------------------------|---|
| <p>All leaf suppliers - third-party leaf suppliers and vertically integrated origins - who we purchase from in a given crop year and who report on ALP.</p> <p>In the JT Group, we source leaf from third-party leaf suppliers and directly contracted growers. Leaf merchants are non- JT Group affiliated legal entities/companies from which the JT Group sources/purchases leaf globally.</p> <p>'Directly contracted growers' are growers from which the JT Group sources leaf and with whom local affiliates (vertically integrated origins) of the JT Group have a signed contract. Both vertically integrated origins and third-party leaf suppliers are referred to as leaf suppliers. Third-party leaf supplier data is based on the scope of planned purchases for that year.</p> | <p>Our tobacco business.</p> | <p>The percentage of supplier entities reporting on Agricultural Labor Practices (ALP) is calculated as follows: the number of supplier entities reporting on ALP divided by the total number of supplier entities that we purchase leaf from (third-party and vertically integrated origins).</p> <p>JT is treated as a leaf supplier entity in the calculation.</p> |

KPI 2: % volumes covered by ALP

| DEFINITIONS | SCOPE | DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS |
|---|--|---|
| <p>Total volume of leaf covered by ALP: includes third-party and vertically integrated origins.</p> <p>Total leaf volume is defined as planned leaf purchasing during the crop year, sourced from vertically integrated origins and third-party leaf suppliers. The volume planned but unassigned to third-party leaf suppliers is also counted as unassigned volume when we calculate the progress against the ALP target e.g. currently all unassigned volumes are treated as "not covered" as we do not know from whom and where we will source.</p> | <p>Our tobacco business.</p> <p>All volumes both from third-party and vertically integrated origins.</p> | <p>The percentage of volumes covered by ALP is calculated as follows: total volume of leaf covered by ALP divided by total leaf volume.</p> |

KPI 3: % of growers covered by ALP

| DEFINITIONS | SCOPE | DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS |
|--|--|--|
| <p>We define the "total of number of growers" as all growers from which third-party leaf suppliers and vertically integrated origins</p> | <p>Our tobacco business. Excludes: China and India (due to lack of traceability); for these countries we are working with suppliers to</p> | <p>The percentage is calculated as the number of growers covered by ALP, divided by the total number of growers.</p> |

| DEFINITIONS | SCOPE | DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS |
|---|--|--|
| <p>are purchasing leaf from in a given crop year.</p> <p>We define the "total number of vertically integrated origins" as all growers from which vertically integrated origins are purchasing leaf from in a given crop year.</p> | <p>establish a tailor-made approach to SCDD/ALP.</p> <p>Introducing ALP in China and India is challenging due to the way the market is structured in these countries. For instance, the third-party leaf merchants do not have direct contracts with growers e.g. in India flue-cured tobacco is sourced via auction floors. We are working with leaf merchants to establish a tailor-made approach on how to run a leaf supply chain due diligence.</p> | <p>The percentage of vertically integrated origins covered by ALP: calculated as the number of vertically integrated origins covered by ALP, divided by the total number of vertically integrated origins. JT is treated as a leaf supplier entity in the calculation.</p> |

SUPPLIER SCREENING

% of key suppliers screened on ESG criteria

| DEFINITIONS | SCOPE | DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS |
|---|---|--|
| <p>The objective is to screen all key suppliers against environmental, social, and governance criteria by 2023.</p> | <p>Key suppliers of JT Group Tobacco Business</p> <p>Until 2019, the percentage of JTI was solely released. From FY20, we disclose the integrated percentage of our tobacco</p> | <p>The number of key suppliers screened against ESG criteria represents the snapshot of the total number of key suppliers screened by the end of the</p> |

| DEFINITIONS | SCOPE | DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS |
|---|------------------|---|
| <p>Key suppliers are defined as (a) suppliers with a planned or actual annual spend of more than 500,000 U.S. dollars (50,000,000 JPY) or equivalent, (b) companies involved in our Know Your Supplier (KYS) program, (c) third-party leaf merchants, (d) intermediaries and (e) contract manufacturing and licensees.</p> <p>We define ESG as Environmental, Social and Governance criteria as set forth in our <u>JT Group Supplier Standards</u>. JTI has specific suppliers' selection criteria that are consistent with those of the JT Group.</p> <p>Screening process is defined as the assessment of potential and actual ESG risks in key suppliers.</p> <p>Until 2021, we were screening key suppliers using self-assessment questionnaires. Additionally, an independent third party was tasked with</p> | <p>business.</p> | <p>reporting year, including the suppliers screened during previous years.</p> <p>The percentage of key suppliers screened against ESG criteria is calculated as follows: the number of key suppliers screened against ESG criteria divided by the total number of key suppliers.</p> |

| DEFINITIONS | SCOPE | DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS |
|---|-------|---|
| <p>identifying any ESG risks from open sources. In 2021, we developed a new supplier screening process to structure and further improve our screening methodology. We deployed this process globally in 2023.</p> <p>The screening process consists of an initial check through MapleCrest using country and industry risk indexes, and data enrichment through Dun & Bradstreet. Where risks are identified, further checks are performed by an independent third party (PWC).</p> <p>In our Japan region, we screen key suppliers using our supplier database, which lists companies according to their D-U-N-S® Numbers. In 2021, we built on this process by reassessing the key suppliers identified as high-risk in our 2020 assessment. We also helped these suppliers to make improvements.</p> | | |

ILLEGAL TRADE

| DEFINITIONS | SCOPE | DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS |
|--|-------------------------------------|--|
| <p>"Law enforcement agencies (LEA) " are defined as state-registered entities providing law enforcement services.</p> <p>We define "intelligence reports" as reports that provide intelligence information on potential illicit trade of counterfeit or smuggled cigarettes. In some cases, the report can be shared/disseminated more than once to multiple LEAs, and this is counted.</p> <p>We define our "advisory capacity" as providing guidance that is in no way prescriptive.</p> | <p>JTI, excluding Japan region.</p> | <p>All information (excl. data related to counterfeit awareness training) is shared and feedback received is recorded by the Anti-Illicit Trade (AIT) team in iBase, a database. Information related to counterfeit awareness trainings is obtained from weekly reports submitted by the Anti-Illicit Trade teams, and this data is saved on a stand-alone spreadsheet. Note: There may be a potential of reaching the same individuals year on year but this is very rare. On the rare occasion where additional awareness sessions are delivered to those same individuals, this will contribute to the continuous professional development of those individuals, as elements of the awareness sessions will change to reflect current / emerging threats etc.</p> <p>For the BoR the cut-off date for disseminations made to LEAs' is 31 January.</p> |