







Sustainability strategy of tobacco business

Four strategic focus areas	Aspirational goals	Targets	Progress	SDGs
Products and services	We will be a total tobacco company offering consumers an even greater choice of products by focusing on quality, innovation, and reduced-risk potential.	<p>Reduced-Risk Products Reduced-Risk Products (RRP) offer real benefits to consumers and society. Our responsibility as a manufacturer is to continuously develop and launch RRP that meet consumer expectations and to provide information on them. We will lead in providing a range of consumer choice in the RRP category.</p>	<p>In 2023, the JT Group offered RRP (Reduced-Risk Products) with the potential of risk reduction, social consideration, convenience, and affordability, such as Heated Tobacco Sticks (HTS), infused tobacco products, E-Vapor and oral products in 18 countries. (8 countries in 2022)</p>	
		<p>Product Materials and Packaging We will reduce the environmental impact of our products and packaging through design solutions, facilitating responsible collection and disposal, and consumer awareness and education. More specifically, we will reduce our packaging (including plastic) and ensure that the remaining is 85% reusable or recyclable by 2025, rising to 100% by 2030. In total, recycled content will account for 20% of our tobacco business packaging by 2025.</p>	<p>We have carried out several initiatives looking at design solutions, responsible collection and disposal, and consumer awareness and education.</p>	<p>In 2023, our efforts led to 88% reusable or recyclable packaging and 19% recycled content in packaging, up 1% year-on-year.</p>
People	We will be the employer of choice by investing in people.	<p>Zero Injuries In line with our vision of zero workplace injuries, we will reduce injury rates by 25% by 2023 and 50% by 2030. (Baseline year: 2015).</p>	<p>Recordable injury rate*1 declined 47% from 0.72 in 2015 to 0.34 in 2023.</p>	
		<p>Community Investment*2 Between 2015 and 2030 we will invest US\$600 million to help make communities inclusive and resilient, with our employees contributing 300,000 volunteering hours.</p>	<p>Since 2015, we invested USD 500 million in our communities and employees volunteered 218,070 hours on company time.</p>	  
		<p>Employer of Choice We will be a certified employer of choice every year in at least 60 countries by focusing on talent management, rewards, and empowerment.</p>	<p>We were certified as Top Employer with corresponding certification in 47 countries. Over 10 consecutive years up to 2023, we have also been certified as a Global Top Employer, which requires being a Top Employer in a company's home country and a number of other countries and regions as well. As of 2024, only 17 companies in the world have achieved Global Top Employer certification. Global Top Employer annual certification will be a target under the JT Group Sustainability Targets starting in 2024.</p>	

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

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












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Supply chain	We will reduce environmental and social risks, and enable transparent and responsible practices across our supply chain.	<p>Greenhouse Gas Emissions</p> <p>We commit to be Carbon Neutral for our own operations by 2030 and achieve Net-Zero Greenhouse Gas emissions across our entire value chain by 2050. In support of this, by 2030, we will reduce emissions from our own operations (Scope1 & 2) by 47% and emissions associated with leaf and non-tobacco materials*³ (Scope3 Category1) by 28%, against a 2019 base year.</p>	<p>Since 2019, we have reduced Greenhouse Gas emissions from our own operations (Scope 1 and 2) by 19 %, while emissions from our leaf and non-tobacco materials (Scope 3 Category 1) increased by 3%*.</p> <p>Scope 1 and 2 GHG emissions</p> <p>Scope 3 GHG emissions related to procurement of leaf tobacco and non-tobacco materials (NTMs)</p> <p>* The increase was mainly due to temporary procurement increases from Tanzania and other countries that will require more time to shift to renewable energy sources in the leaf-drying process, as a result of business scale expansion and climatic influences. To shift to renewable energy sources, we have been putting effort into planting in these countries, with projected positive effects in the future. By following through on initiatives like this, we project achieving carbon-neutral operations by 2030 and Net-Zero emissions by 2050.</p>	
	<p>Water and Waste</p> <p>We will reduce water withdrawal by 15% and waste by 20%, in relation to our own operations, between 2015 and 2030.</p>	<p>Since 2015, we have reduced water withdrawal by 29% and reduced waste by 20%.</p> <p>Water withdrawal</p> <p>Waste generation</p>		
	<p>Forestry</p> <p>We will replace all wood from natural forests used in the tobacco curing process of our directly contracted growers with renewable fuel sources by 2030.</p>	<p>We planted trees in Tanzania, Zambia and Brazil, and project shifting fully to renewable energy sources by the 2030 crop year.</p> <p>Renewable fuel for tobacco curing</p>		

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

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Supply chain	We will reduce environmental and social risks, and enable transparent and responsible practices across our supply chain.	<p>Agricultural Labor Practices We will implement our Agricultural Labor Practices (ALP) program in all sourcing countries by 2025.</p>	<p>In 2023, 98.57% of our supplying entities reported against ALP. (94% in 2022)</p>  <p>ALP coverage rate: Supplying entities base</p> <p>100% of our directly contracted growers and 99.99%*4 of our leaf merchants' growers were covered by ALP. 89.1% of our volumes were covered by ALP, compared to 83% in 2022.</p>  <p>Directly contracted growers</p>  <p>Leaf merchants' growers</p>  <p>ALP coverage rate: Volume base</p>	 
		<p>Supplier Screening We will screen all key suppliers against environmental, social, and governance criteria by 2023.</p>	<p>100% of our key suppliers were screened against ESG criteria.</p>  <p>Supplier screening implementation rate</p>	
		<p>Engagement We will always protect our ability to participate in public policy debate with the aim to achieve balanced regulation that meets societal concern and supports business growth.</p> <hr/> <p>Illegal Trade We will engage in dialogue with law enforcement agencies, with the goal to exchange intelligence regarding illegal tobacco products, in order to support the reduction of illegal tobacco products.</p>	<p>In 2023, we engaged openly and transparently in public policy debate and made our views known to regulators, NGOs and other relevant stakeholders in the countries where we operate.</p> <p>In 2023, our Anti-Illicit Trade team provided 2,143 intelligence reports to law enforcement agencies and advised 2,088 law enforcement officers on counterfeit recognition.</p>	 

*4 Growers from India and China are excluded.