

Living with the Planet

The JT Group recognizes the vital interdependence between nature, people and business and deploys initiatives to improve its environmental impact. Based on this recognition, we have reviewed our environmental initiatives, considering the potential impacts of climate and dependency on nature on our business, as well as the impact that our business could have on the global ecosystem. To mitigate our potential impacts on climate and nature, we have established targets related to “Living with the planet.”

Climate change

Roadmap to Net-Zero

One of our key focus areas is Greenhouse Gas (GHG) emissions reduction. We are working to be carbon neutral in our own operations by 2030 and to achieve Net-Zero GHG emissions across our entire value chain by 2050. In support of this, we have absolute emissions reduction targets for 2030 and have established roadmaps as to how we will achieve those targets. We carry out annual reviews to ensure the feasibility and effectiveness of our strategy for achieving Net-Zero GHG emissions.

Across the JT Group, we reduced Scope 1 and 2 GHG emissions by 37% compared to 2019 (32% in 2024). On the other hand, Scope 3 Category 1 GHG emissions were down by 3% (15% in 2024), with the pace of reduction slowing, mainly driven by higher tobacco procurement volumes in 2025, particularly from countries with higher emissions intensity, and by elevated emission factors carried over from 2024, a year marked by significant global crop impacts due to extreme weather conditions.

Looking ahead, we will continue to monitor our progress and implement emissions-reducing measures. With respect to Scope 3 Category 1 emissions, we aim to achieve our 2030 reduction target through productivity gains and efficiency improvements, ensuring sustainable wood for curing, enhancing our emissions calculation and future predictions and engaging with our suppliers.

[See Details](#) [Tackling climate change](#)

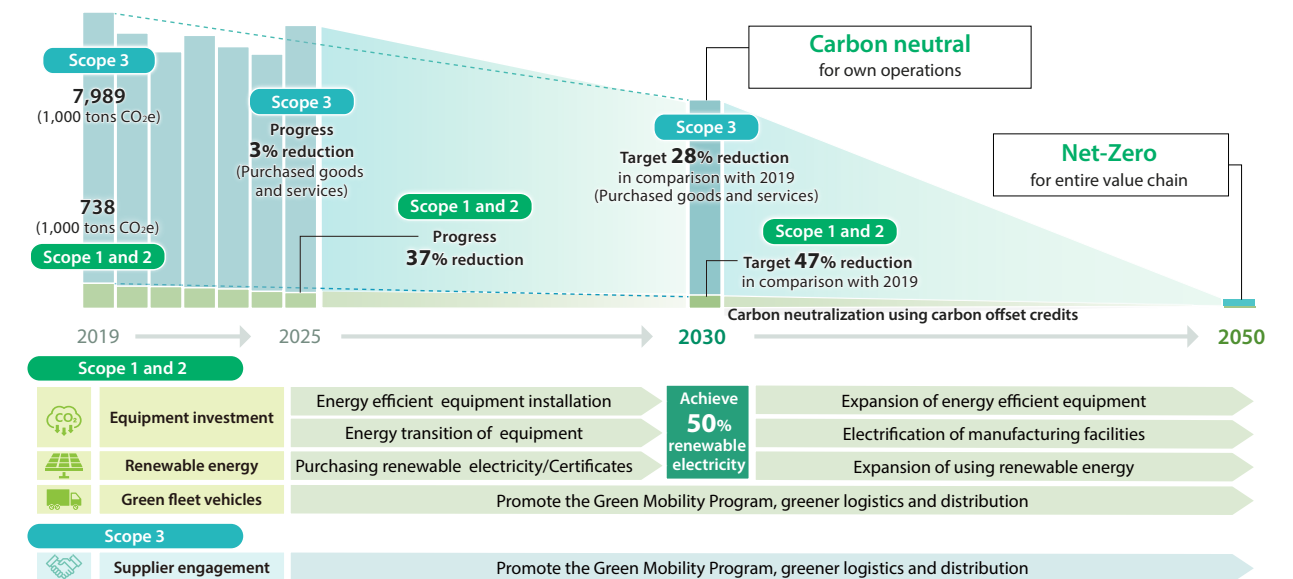
Climate scenario analysis

To identify risk factors that could have a material financial or strategic impact on its business, the JT Group conducted climate scenario analyses based on multiple global warming scenarios (including 1.5°C and 4°C). For these analyses, we utilized scenarios based on typical concentration pathways outlined by the Intergovernmental Panel on Climate Change (IPCC), such as Representative Concentration Pathways (RCP4.5, RCP8.5). As a result of the analyses we identified two major climate change-related risks to the JT Group: carbon pricing (increased carbon taxes) and

changes in farming environments due to rising average temperatures. With temperatures continuing to rise and given that our Group’s products are primarily made from raw materials derived from agricultural crops, we will implement measures to reduce our contribution to climate change, such as ongoing GHG emissions reduction, and promote resilient supply chains that can adapt to the impact of temperature rise on raw materials.

[See Details](#) [Addressing the TCFD recommendations](#)

How the JT Group plans to achieve Net-Zero



Science Based Targets (SBT)

Our GHG emissions reduction target for 2030 and our target to achieve Net-Zero GHG emissions across the entire value chain by 2050 have both been validated by the Science Based Targets initiative (SBTi), an international initiative on climate change.



Living with the Planet

Protecting water

Another of our key focus areas relates to protecting water. We aim to contribute to the preservation of a sustainable water environment by monitoring the appropriate use of water resources and preventing water pollution. Recognizing that water is a valuable shared resource, we have a target to acquire certification for eligible tobacco factories against the AWS* Standard, a key element of which is strengthening collaboration with other water-related stakeholders. The Torbali factory in Turkey became the first JT Group tobacco factory to receive AWS certification. In 2025, we conducted initiatives to increase the water recycling rate at our tobacco factories in 13 countries, including Japan. We also improved our water treatment processes in Turkey, the Philippines, and Bangladesh. As a result, water used in the tobacco business was reduced by 21% compared with 2019.

* Alliance for Water Stewardship (AWS) is a global membership collaboration comprising businesses, NGOs and the public sector. Its members contribute to the sustainability of local water resources.

[See Details](#) [Protecting water resources](#)

Protecting forests

Forest resources, such as paper and pulp, are important raw materials for the JT Group. We actively seek to protect forest resources, conserve nature, bolster supply chain resilience and support long-term business growth.

We are working toward achieving no deforestation of natural forests in our tobacco business supply chain. In 2025, we conducted a deforestation risk assessment for our tobacco leaf, paper, and pulp-based material supply chains, confirming that 94% of directly contracted tobacco leaf and 80% of globally procured paper and pulp-based materials originate from areas at negligible risk of deforestation. Going forward, we will complete our comprehensive risk assessment of third-party procured tobacco leaf and locally procured paper and pulp. Based on the results of that assessment, we will establish action plans to address remaining deforestation.

Building on this foundation, we are extending our approach beyond forests, updating geospatial systems to address ecosystem conversion risks and progressively expanding coverage across all natural lands. These efforts support our ambition to eliminate deforestation and avoid conversion of natural land across our entire supply chain by 2030. Where residual deforestation impacts remain unavoidable, we will compensate for those impacts through reforestation activities, to ensure zero net deforestation.

[See Details](#) [Protecting forest resources](#)

Biodiversity

Since the JT Group's business activities use raw materials from nature, such as tobacco leaf and other crops, the Group recognizes that the sustainability of the natural environment is a precondition for its business continuity. Moreover, as a leading global company, the JT Group has responsibilities to contribute to the conservation of the natural environment not only in its own operations, but also throughout its entire value chain. Based on these considerations, one of our key targets is to conduct biodiversity impact assessments to evaluate the impact and dependency each of our businesses has on biodiversity.

We follow the Science Based Targets for Nature (SBTN) process to create targeted, science-based action plans for nature-related issues. This approach helps develop specific strategies for each area and supports initiatives, recognizing that local characteristics and context greatly affect biodiversity.

In 2025, we enhanced the biodiversity impact assessments for the tobacco business conducted in 2024, by expanding the scope and geographical coverage. We also conducted biodiversity impact assessments of activity bases and major production areas for key raw materials in the processed food business.

As a result, we were able to comprehensively understand the mutual relationships of impacts and dependences of our manufacturing sites and biodiversity in each business with respect to the atmosphere, natural resources, soil, and other aspects. In addition, we identified potential risks in our value chain arising from those mutual relationships, and for the processed food business confirmed that those nature-related risks were being appropriately managed through existing initiatives related to "Living with the planet." Looking across these initiatives made it clear once again that individual themes including climate change, biodiversity, water, and forests are intrinsically linked. They need to be addressed in combination rather than in isolation and an integrated approach adopted to their assessment and management.

[See Details](#) [Protecting biodiversity](#)

External recognition: CDP

We were selected by the international environmental disclosure platform CDP for inclusion in its 2025 "A List" for our outstanding initiatives and strategies addressing climate change and water security. This marks our eighth (seventh consecutive) selection for climate change and our fifth selection for water security.

In May 2026, we were also recognized as "Supplier Engagement Leader 2025" in CDP's Supplier Engagement Assessment for the seventh consecutive year.

