



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 June 27, 2024

FY2023 online content and [FY2023 Integrated report](#)  are now available.

[FY2023 results for the JT Group Sustainability Targets](#) 

FY2023 results by previous reporting formats:

- Tobacco business
- Pharmaceutical business

Sustainability
Online content
FY2023

-Processed food business
-JT Group Environment Plan 2030

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NEW February 2025

JT Group recognized on CDP's prestigious "A List" for tackling climate change.

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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

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

Value Creation that Exceeds Consumer Expectations

Create diverse products and services beyond consumer expectations

Investing in our People and Supporting their Growth

Invest in people to support their growth with attention to diversity, and enhance human capital by fostering a corporate culture that maximizes

Responsible Supply Chain Management

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

Good Governance

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

[Read more >](#)

[Read more >](#)

individuality and
ability of each person

[Read more >](#)

[Read more >](#)

[Read more >](#)

Tobacco business

[Read more](#)



Creating fulfilling moments.
Creating a better future.



Products and services

[Reduced-Risk Products >](#)

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 >](#)



Value creation process

Our value creation story can be found here.

[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

The JT Group Materiality and the JT Group Sustainability Targets can be found [here](#)

Message from
CEO



CSO interview



Message from CEO

Message from the CEO

“Fulfilling Moments, Enriching Life”

My mission is to lead the evolution of the JT Group to 1) assure that we maintain the trust of society while creating value in developing “fulfilling moments,” despite these changing over time and based on each individual, and 2) continue to make important contributions to society worldwide.

Masamichi Terabatake
Representative Director and President,
Chief Executive Officer



Read more about the message from our CEO in
[FY23 Integrated Report](#), P4

CSO interview



[Q] (Ozaki) Please tell us your thoughts on the JT Group's sustainability management.

(Imokawa) The JT Group's management principle is the 4S model. We believe that sustainability of our ways of living and the activities of entities will depend on the sustainability of the environment and society in which we exist. This is based on our humbleness that human activities, our ways of living and the activities of entities are all part of the ecosystem.

Moreover, we will not only pursue our own sustainability but also the sustainability of our society, so that we can continue to be a company that can help shape the future. The JT Group's sustainability management is to take initiatives in carrying out all activities to achieve this goal.

The framework for this is our Group's sustainability strategy. Specifically; 1) With the JT Group Purpose as the starting point, 2) the JT Group Materiality has been identified as the priority material

issues for the Group, and 3) based on that materiality, the JT Group Sustainability Targets have been formulated. This is the backbone of our sustainability strategy.

Materiality is the foundation for managing our business. By setting targets and initiatives based on materiality, our Group will strive for sustainable growth for nature, society and our business.

[Q] (Yamamoto) You mentioned that materiality is the foundation for managing our business. Can you tell us about how you revised the materiality?

(Imokawa) In 2023, we identified five topics of materiality: “Living with the planet,” “Value creation that exceeds consumer expectations,” “Investing in people and provide motivation,” “Responsible supply chain management” and “Good governance.”

With the revised materiality, we reorganized and incorporated the original three absolute requirements of sustainability* into the Group materiality. At the same time, we elevated some of the business focus areas or business-driven issues to the Group level. For example, “Value creation that exceeds consumer expectations,” which relates to products and services, and “Responsible supply chain management,” which relates to our business and stakeholders, were incorporated. “Investing in people” had already been selected by all businesses as a focus area and was thus elevated to the Group materiality as “Investing in people and provide motivation.” Eventually, we identified the current five topics of materiality.

* The JT Group’s three absolute requirements of sustainability: “Respecting human rights,” “An improved social and environmental impact,” and “Good governance and business standards”

[Q] (Ozaki) How did you formulate the JT Group Sustainability Targets?



(Imokawa) In setting the targets and initiatives based on the Group materiality, we placed importance on setting targets that reflected our identity. We first looked at what our goals should be or where we should be heading. We reflected upon discussions surrounding the revision of materiality, analyzed changes in the environment surrounding our Group as well as possible changes to come, and thereby worked out our goals and initiatives in accordance with each material topic. In parallel to this exercise, we revisited and updated past

targets set by each business. Targets created using this approach were reviewed by external experts before being finalized.

The JT Group Sustainability Targets not only incorporate past targets set by each business by maintaining or updating them, but also include new targets. The JT Group Environment Plan 2030 has also been integrated into the JT Group Sustainability Targets by maintaining or updating past targets. I believe we have been successful in wholistically setting various sustainability targets under one roof.

[Q] (Yamamoto) How do the JT Group Sustainability Targets differ from previous targets?



(Imokawa) Firstly, it is quite different in terms of the flow and interrelations of “Purpose” to “Materiality” and “Sustainability Targets.” In total, there are 25 targets – 9 new targets, 10 revised targets and 6 targets that were maintained. I trust we have been able to come up with an evolved set of targets that can accommodate diverse sustainability topics.

In terms of new targets, for example, in relation to “Living with the planet,” 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. Looking ahead and to maintain biodiversity, we wanted to comprehensively understand the impact of our business on the ecosystem. We have therefore set a target for “Biodiversity impact assessment,” and as a first step, we

will assess the impact and dependence of each of our businesses on the ecosystem. We have also added targets related to pesticides, which cannot be overlooked from the perspective of their impact on the ecosystem.

As for “Investing in people and provide motivation,” we clarified our stance on the Group’s human capital and have set a number of targets which are going to aid in expansion. Regarding “Responsible supply chain management,” we have set a target for “Grower living income,” as we believe it is necessary to work together to address social issues faced by our suppliers and their communities. By 2025, we will measure living income in our direct tobacco leaf supply chain origins.

2023 results for those targets carried over to the new targets are more or less on track. I believe the targets are manage-able against the respective goals.

[Q] (Ozaki) Please tell us about the future challenges.

(Imokawa) When we consider the group of social issues, we look at what has surfaced, what is visible to us. However, the issues may be inter-related so working on the issues at the essence to find solution is necessary. I trust that by focusing on the essence of the issue, the issue itself will change and evolve. The task is therefore not complete by merely setting targets. It is important to revisit and update them on a regular basis. We have a framework whereby our CEO as well as the Board of Directors are involved in setting and managing the



sustainability strategy, so using this framework, we will revisit and update the JT Group Sustainability Targets so that they can continue to evolve.

Moreover, looking at sustainability trends in general, statutory disclosure of sustainability information will be commencing in various jurisdictions. The integration of financial and non-financial information, collecting and managing data, and how we utilize data would have to be more sophisticated.

Through the exercise, I hope to find capabilities that we have not noticed or realized yet. I'm sure such findings will help to grade up our sustainability management. You asked me about future challenges. You asked me about future challenges. I would say that there will be many more 'expectations' to come.

With the Purpose as a starting point and based on materiality, we have set sustainability targets that will serve as the center of our sustainability management. I will strive to pursue sustainability management so that our organization will continue to be needed by stakeholders in the future.



The JT Group materiality and sustainability

Overview

Materiality



Sustainability
Targets



Sustainability
Advisory Forum



Sustainability
initiatives:
2023 results



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 our people and supporting their growth" "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.

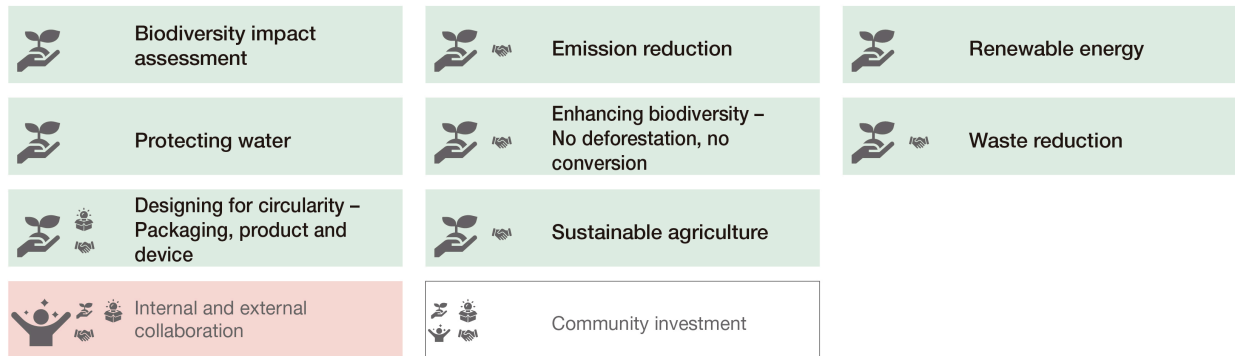
Our group will contribute to sustainable planet and society, by realizing our purpose, moving forward with specific initiatives set as sustainability targets based on our materiality.

[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.

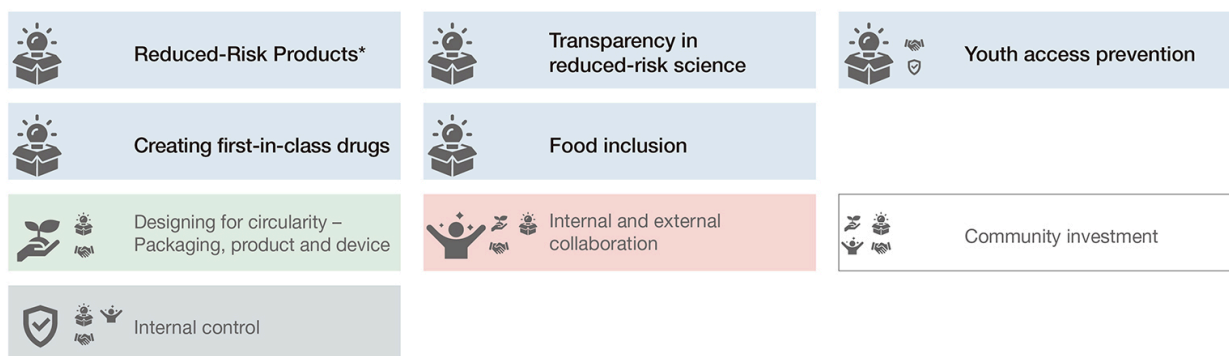


[Read more](#) about 'Living with the planet'

"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.














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

* Reduced-Risk Products (RRP): Products with the potential to reduce the risks associated with smoking

"Investing in our people and supporting their growth"














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.

 Diversity, equity & inclusion	 Talent attraction	 Attractive working conditions
 Health and safety	 Development support	 Internal and external collaboration
 Grower living income	 Human rights in grower communities	 Grievance mechanisms
 Community investment	 Internal control	

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

"Responsible supply chain management"

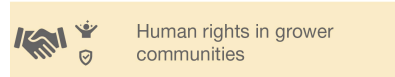
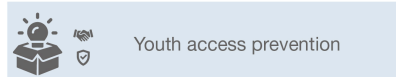
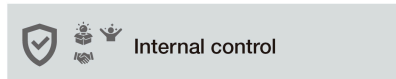
Our supply chain is essential for our business. It is crucial for our supply chain to be resilient to the rapid changes in the business environment. As part of the key initiative, we perform supplier screenings and supplier due diligences. We are also committed to addressing the social issues faced by 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.

 Supplier screening and supply chain due diligence	 Grower living income	 Human rights in grower communities
 Grievance mechanisms		
 Emission reduction	 Enhancing biodiversity – No deforestation, no conversion	 Waste reduction
 Designing for circularity – Packaging, product and device	 Sustainable agriculture	 Youth access prevention
 Internal and external collaboration	 Community investment	 Internal control

[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.

In 2023, we re-examined the JT Group Materiality, taking advice from external consultants and advisers, in view of setting the JT Group Sustainability Targets. We checked to see if it would be necessary to update any of the 5 topics of materiality or each of the materiality topics on the materiality matrix, whether there were any sudden or drastic changes in these elements in comparison to the prior year. We will be re-examining our materiality every year, as well as the targets set on the basis of our materiality.

Updating the materiality matrix - the process

In revising our materiality, a project team was formed comprised of members responsible for sustainability strategy and Enterprise Risk Management (ERM). External advisers were also part of the project team. In identifying materiality topics, ERM risk factors were fed into the short-list of potential material issues, which were then adjusted during the analysis process. A cross-check was also performed between ERM risk factors and the final short-list of material issues. The project team presented a revised draft materiality, which was then approved by the JT Board of Directors.

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 ERM* process, or materiality of our competitor firms, among others.

* For sustainability and risk management, please also refer to the [39th Annual Securities Report](#) 

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.

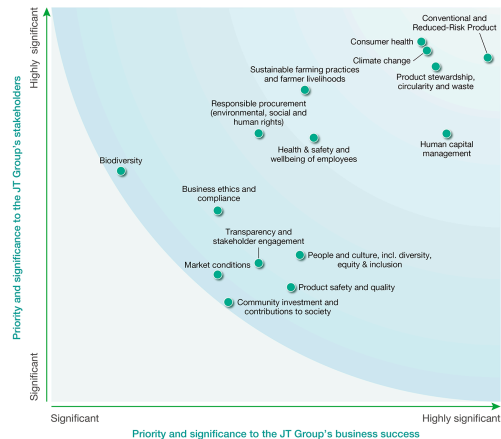
Track record of stakeholder interviews, surveys

- 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

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working on specific goals and initiatives for the Group. The JT Group Sustainability Targets have been set, consisting of a total of 25 items.

[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.

”

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 2023, three forums were held. We discussed and shared information about sustainability issues such as setting the JT Group Sustainability Targets, checking the progress of our GHG emissions reduction targets, our human rights initiatives and governance, sustainability issues of each business, EU Corporate Sustainability Reporting Directive, and stakeholder engagement, among others. Discussions at the forum are appropriately reported to the CEO and Board of Directors.


SUSTAINABILITY ADVISORY FORUM



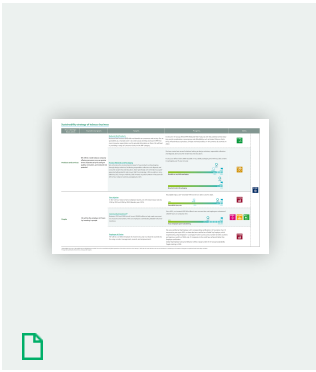
Progress of our sustainability initiatives in 2023

The JT Group Sustainability Targets comprise of new, revised and carried-over targets. We have extracted carried-over targets to show 2023 progress as illustrated below. We will start reporting the FY2024 progress and results for all the JT Group Sustainability Targets in 2025.

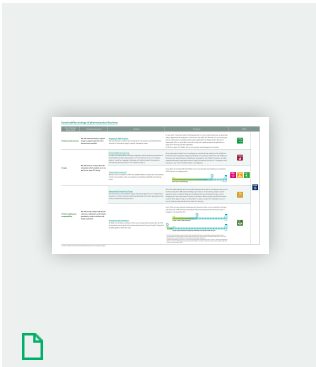
[FY2023 results for the JT Group Sustainability Targets](#) 

FY2023 progress of [the JT Group Environment Plan 2030](#)  and progress by each business segment using previous reporting formats can be found below.

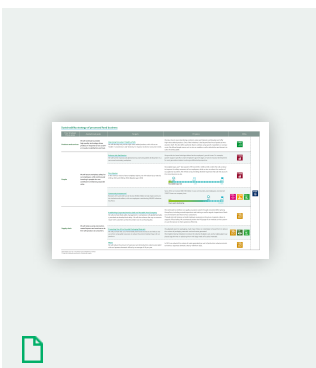
These results have been reported to the Board of Directors of JT.



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.



