

## Tobacco business

Over the last years, the main international tobacco players expanded their portfolio in both combustibles<sup>\*1</sup> and Reduced-Risk Products (RRP)<sup>\*2</sup> to offer more choice to consumers. JT Group's tobacco business offers products to consumers across all combustibles and RRP segments.

We expect the global combustibles industry value to continue growing in the foreseeable future, while the global RRP industry is expected to grow both in terms of volume and value. Among RRP segments, we expect heated tobacco sticks (HTS)<sup>\*3</sup> to be the largest growth driver, followed by e-vapor and modern oral. The growth rate will ultimately depend on innovation, consumer acceptance, regulation and taxation of RRP.

\*1 Combustibles: Combustibles include all tobacco products excluding contract-manufactured products and RRP

\*2 Reduced-Risk Products (RRP): Products with the potential to reduce the risks associated with smoking. In JT's portfolio, these products include heated tobacco products (HTP), e-vapor and oral

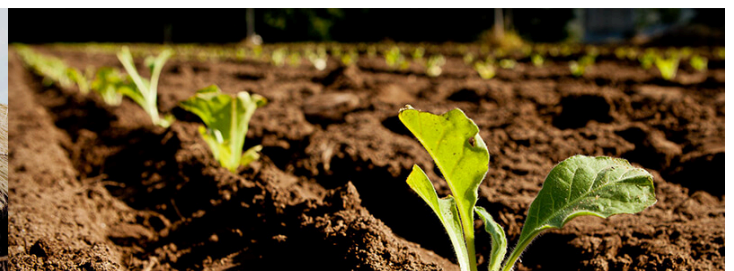
\*3 Heated tobacco sticks (HTS): High temperature heated tobacco products. One stick is equivalent to a stick of cigarettes

### Notes:


- 1 The word consumers used in the context of the tobacco business means adult consumers. Minimum legal age for smoking varies in accordance with the legislation in each country
- 2 This section is intended only to explain the business operations of the JT Group, not to promote sales of tobacco or nicotine containing products or encourage smoking or using nicotine containing products



Our tobacco principles



Smoking and health

For more details on our approach to responsible marketing, please refer to [Our marketing standards.](#) 

In the following four strategic focus areas, we cover our approach to sustainability across our tobacco business.

## Our tobacco business value chain



## The four strategic focus areas of our sustainability strategy



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# Smoking and health

We recognize that cigarettes are a legal but controversial product. People smoke for pleasure but there are real risks that come with that pleasure. Accordingly, we believe that tobacco products should be appropriately regulated.

We also believe in the freedom of adults to choose whether they want to smoke and that no one should smoke unless he or she understands the risks of doing so. These risks distinguish tobacco from most consumer goods and they place upon the industry a real responsibility. It's a responsibility for which we expect to be held accountable, together with governments and the rest of society.

Our positions on smoking and health are available on our websites, as are the lists of ingredients we use in our products.

[Ingredients list of JT products \(in Japanese\)](#)

[Our attitude to smoking](#)

[Our attitude to smoking \(in Japanese\)](#)

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## RRP (Consumer expectations)

Heated tobacco, e-vapor and oral products are part of the RRP category. As they deliver nicotine without combustion, they have the potential to reduce risks associated with smoking.

### Transparency in RRP Science

We're committed to developing products with the potential to reduce the risks associated with smoking. That's why we invest in research and innovation—to develop alternatives to smoking that may reduce harm and give adult consumers better, more informed choices.

Adult consumers want to know what's in their products. That's why we provide transparency both in our research and our ingredients for the majority of our products on our websites, even when it's not required. Transparency matters, and we're committed to it.

We believe real progress happens when public health experts, regulators, scientists, and the tobacco industry work together. Our consumers deserve access to accurate information and better alternatives and we look forward to offering our products, with all of the benefits we believe they present.


Read more about the science behind RRP on the [JT International website](#). 

### RRP sourcing

We have a dedicated RRP sourcing team specialized in sourcing RRP devices. These are manufactured by third-party contract manufacturing organizations. We take a collaborative approach to responsible sourcing and build supplier capability to identify and address sustainability issues in our electronics value chain.

As a member of the Responsible Business Alliance (RBA), we are committed to the RBA Code of Conduct and leverage the available tools to ensure responsible manufacturing of our products. All our Tier 1 suppliers have undergone independent third-party audits under the RBA Validated Assessment Program. As a result of our collaboration with suppliers, in 2024 all our Tier 1 suppliers have an audit score of above 160 points, which exceeds the average score of RBA audits conducted in the same countries.

In 2024 we developed the Conflict Minerals Statement to demonstrate our commitment to responsible sourcing of metals contained in our products. Our approach to due diligence is aligned to the Organization for Economic Co-operation and Development (OECD) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. We leverage the tools offered by the Responsible Minerals Initiative to increase visibility further down our supply chain. Having followed this approach in 2024 and ensuring all smelters and refiners in our value chain are audited against recognized industry schemes, we can conclude the metals in our value chain are not linked to human rights abuses or other risks inherent to minerals and metals sourcing. In 2024, we strengthened our RRP sourcing governance and also held capacity-building sessions across our multiple RRP sourcing locations.

Read more about Reduced-risk product sourcing on [JT International website](#). 

Read about the Conflict Minerals Statement [here](#). 

Various information on Consumer expectations can be found at followings.

Read about [progress towards targets](#) 

Read more about RRP outlook, Circularity, and other details about our RRP products [in the Integrated Report 2025](#).

Read about our Waste management on [JT International website](#). 

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## Supply chain

### Building sustainable supply chains

JT International (JTI), the headquarters of our tobacco business located in Switzerland, was assessed by EcoVadis, the leading sustainability intelligence platform for global supply chains. Based on the quality of our sustainability management system, JTI scored in the top 1% of companies who also completed the EcoVadis assessment within the previous 12 months. Working toward creating a better future for people and the planet takes real action and change. This is a recognition of our collective efforts to integrate sustainability across every aspect of our business practices.

Read about our sustainability target and progress related to Responsible Supply Chain Management on [the JT Group Sustainability Target and FY2024 results](#). 



Tobacco leaf sourcing



Non-tobacco materials, other products, and services

Read more about [our Supply chain policies and standards](#).

### Reducing our environmental impact in the tobacco value chain

Read more about [our initiative to reduce Greenhouse gas emissions](#).

Read more about [our initiative on Forestry and Sustainable agriculture](#).

Read more about [our initiative on Waste management](#).

Read more about our approach to environment on [JT International website](#). 

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## Non-tobacco materials, other products, and services

Non-tobacco materials include packaging, filters, and cigarette-related materials. We also have suppliers for factory machinery, spare parts, and logistics, including freight. We manage the sourcing of these centrally. Other products and services that flow through our supply chain include marketing-related services, facility management, IT, and other professional services, which are sourced globally, regionally, and locally.

We develop strong partnerships with our suppliers to achieve mutual long-term success. Our strategic relationships are built on shared values and objectives. This allows us to find sustainable solutions together, ensure a stable supply in a dynamic environment, and adapt to innovative technologies.

We evaluate the sustainability performance of our critical suppliers using EcoVadis, a leading global sustainability rating platform. The assessment is based on four main criteria: Environment, Labor and Human Rights, Ethics and Sustainable Procurement. This provides transparency on ESG risks and track the compliance of our critical suppliers with our Supplier Standards. We review the results and ask our suppliers to take follow-up actions if needed.

Our local procurement teams are trained on an annual basis on key sustainability topics such as renewable electricity sourcing options and how to assess and engage with suppliers on ESG risks and opportunities. Training and ongoing information sharing between teams play a key role in helping us achieve our sustainability targets in our supply chain.

Various information on Non-tobacco materials can be found at the following links.

Read about our [supplier screening towards targets](#) 

Read more about our Responsible procurement on [JT International website](#). 

## Related links

Supply chain

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# Illicit trade prevention

A global problem requires a global solution. Transnational criminal organizations know no borders, yet too often government action stops at lines on a map. Law enforcement agencies and governments should be talking and collaborating with their neighbors, coming up with solutions to put a stop to criminal activity.

And while it is ultimately the responsibility of governments to take the lead against criminals, the fight against illegal trade can only be won when all parties—public and private—work together in a partnership. That's why in just the last year alone, JTI has trained nearly 3,000 law enforcement officials in illicit trade awareness. Our work with international law enforcement organizations exemplifies the mutual benefits of open, proactive relationships. Yet, even with our help, law enforcement agencies simply do not have the time, resources or remit to entirely solve the problem. Ultimately, the most powerful weapon in the fight against illegal trade is better regulation.

Read more about Illicit trade prevention on the [JT International website](#). 

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