

The JT Group Biodiversity Statement

The JT Group is committed to minimizing the social and environmental impact of our value chain, products and services. We are focused on protecting the environment, minimizing the use of natural resources, and respecting people, communities, and biodiversity.

We make sure we take an environmentally minded look into all aspects of our business – on both a global and a local level, from the way we source raw materials, through the way we manufacture, to the way we ship finished goods.

For our tobacco business, our approach to biodiversity conservation and enhancement is built on understanding how our tobacco leaf production and value chain can affect, and be affected by, biodiversity and ecosystem services, such as pollination, soil quality, water quality and climate regulation.

Our focus is on conservation and enhancement of biodiversity in our direct leaf supply chain, where our biggest impact is and where we can have most influence in driving positive change. One of our key principles in leaf tobacco production is to reduce environmental impact and ensure efficient use of natural resources, while striving to conserve biodiversity. We have objectives and targets in place for natural resources as part of the JT Group Sustainability Targets. Biodiversity is also a focus area in our Global Supply Chain Leaf Sustainability Framework.

We see biodiversity as an integral part of sustainable tobacco production and we promote good agricultural practices and initiatives for its conservation and enhancement. These include soil conservation and good management practices, renewable wood production, water conservation, and natural forest protection and rehabilitation.

The JT Group has conducted an initial risk assessment of our impact and dependency on biodiversity for our tobacco business and have recognized that we have both an impact and a dependency on biodiversity, through our business operations and use of ecosystem services, such as forest products, soil quality and water quality. We will further conduct both qualitative and quantitative risk

assessment covering the whole JT Group to further understand our impact and dependency of our whole value chain.

Looking ahead, we commit to minimizing our impact on biodiversity and the wider environment, which means that we will avoid, reduce, or mitigate our impacts on biodiversity and linked ecosystem services, or where this is not feasible or most beneficial, restore or offset those impacts at a regional or national level.

To meet this commitment:

- As a minimum, we will ensure compliance with regulatory requirements in relation to biodiversity applicable in countries and regions where we operate.
- We commit to assessing our impacts on biodiversity. For instance, we will identify and avoid starting to operate in areas of high diversity, and we will mitigate impacts where we are already operating.
- We will undertake these assessments, engaging with stakeholders such as suppliers, conservation organizations, external experts, and local communities, to understand local issues and take into account their needs and requirements.
- Based on the outcomes of the assessments and stakeholder we will implement actions plans to avoid, reduce, regenerate, restore or offset our impacts, as well as address the drivers of nature loss. We will establish monitoring mechanisms to ensure the effectiveness of actions taken and report on progress.
- In addition to addressing biodiversity in relation to our own operations and supply chain, we will work with our business partners to address biodiversity impacts across other areas of our value chain, e.g. third party leaf sourcing, packaging and other materials.
- We will periodically review the JT Group Sustainability Targets and update the targets relevant to natural resources and biodiversity. Regarding biodiversity, we will work on ambition and targets towards no net loss and net positive impact on biodiversity and will disclose our targets, including the year of achievement accordingly.
- We will integrate biodiversity conservation principles into key business policies, procedures, and standards.

This statement has been endorsed by Hisato, Imokawa, Chief Sustainability Officer of the JT Group. This statement will be reviewed periodically by JT sustainability management division to ensure it remains fit for purpose.