

# INDEPENDENT ASSURANCE STATEMENT

To: Japan Tobacco Inc.



Bureau Veritas Japan Co., Ltd. (Bureau Veritas) has been engaged by Japan Tobacco Inc. (JT) and its group companies including JT International S.A. (JTI), which is called JT Group as a whole, to provide limited assurance over their sustainability information selected by JT Group. This Assurance Statement applies to the related information included within the scope of work described below.

## Selected information

The scope of our work was limited to assurance over the following information (the 'Selected Information'):

- 1) The following environmental data through JT Group's business operations for the period of January 1, 2018 through December 31, 2018 included within JT Group Sustainability Report FY2018 (the Report):
  - Energy consumption
  - Renewable electricity (%) used by factories of JTI
  - Greenhouse gas emissions (Scope 1 and Scope 2): CO<sub>2</sub> emissions and fluorocarbons (CFCs, HCFCs and HFCs) emissions
  - Greenhouse gas emissions (Scope 3 Category 1): emissions from tobacco leaf (\*1) purchased by JT Group during the following period
    - tobacco leaf originated from Japan and foreign countries: 2018 crop year
  - (\*1) Tobacco leaf cultivated on a trial bases is out of scope.
  - Water withdrawal and Wastewater discharged
  - Waste generated, including: Waste recycled (including composting, but excluding waste incinerated with heat recovery), Waste incinerated with heat recovery, Waste incinerated without heat recovery and Waste landfilled
- 2) The following environmental data through JT Group's business operations for the period of January 1, 2018 through December 31, 2018 reported internally to JT Group only for the purpose of internal management:
  - Energy from renewable sources used by JT
  - Greenhouse gas emissions (Scope 3 Category 1): emissions from tobacco leaf (\*1) and other materials purchased by JT Group during the period of January 1, 2018 through December 31, 2018
  - Greenhouse gas emissions (Scope 3 Category 6): emissions from business trips by air undertaken by employees of JTI
  - Waste reused, Waste disposed and Waste recycled by JTI (excluding composting and waste incinerated with heat recovery)

Our assurance does not extend to any other information from that stated above.



## **Reporting criteria**

The Selected Information included within the Report needs to be read and understood together with the reporting criteria stated in the Report.

The Selected Information reported internally to JT Group only for the purpose of internal management needs to be read and understood together with the internal reporting criteria defined by JT Group.

## **Limitations and Exclusions**

Excluded from the scope of our work is any verification of information relating to:

- Activities outside the defined verification period;
- Any other information within the Report, which is not listed as the 'Selected Information'.

This limited assurance engagement relies on a risk based selected sample of sustainability data and the associated limitations that this entails. This independent assurance statement should not be relied upon to detect all errors, omissions or misstatements that may exist.

## **Responsibilities**

This preparation and presentation of the Selected Information in the Report are the sole responsibility of the management of JT Group.

Bureau Veritas was not involved in the drafting of the Report or of the Reporting Criteria. Our responsibilities were to:

- obtain limited assurance about whether the Selected Information has been prepared in accordance with the Reporting Criteria;
- form an independent conclusion based on the assurance procedures performed and evidence obtained; and
- report our conclusions to the Directors of JT Group.

## **Assessment Standard**

We performed our work in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information (Effective for assurance reports dated on or after December 15, 2015) issued by the International Auditing and Assurance Standards Board.

For the greenhouse gas emissions data, we undertook verification in accordance with the requirements of ISO14064-3 (2006): Greenhouse gases - Part 3: Specification with guidance for the validation and verification of greenhouse gas assertions.

## **Summary of work performed**

As part of our independent verification, our work included:

1. Conducting interviews with relevant personnel of JT Group;
2. Reviewing the data collection and consolidation processes used to compile Selected Information, including assessing assumptions made, and the data scope and reporting boundaries;
3. Reviewing documentary evidence provided by JT Group;
4. Reviewing JT Group systems for quantitative data aggregation and analysis;
5. Verification of sample of data back to source by carrying out seven physical site visits,





selected on a risk based bases at the following locations:

- JT Leaf Tobacco Research Center
- Japan Filter Technology Co., Ltd. Tsubata Factory
- TableMark Co., Ltd. Honsha Factory
- JTI Trier R&D (JT International Germany GmbH)
- JTI Trier Factory (JT International Germany GmbH)
- JTI Bucharest Factory (JT International Manufacturing S.A.)
- JTI Dagmersellen Factory (JT International AG Dagmersellen)

6. Repperforming a selection of aggregation calculations of the Selected Information

7. Comparing the Selected Information to the prior year amounts taking into consideration changes in business activities, acquisitions and disposals

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement.

Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

### Verified greenhouse gas emissions

We performed our verification work on greenhouse gas emissions data in accordance with the requirements of ISO14064-3(2006).

Verified data in greenhouse gas assertion made by JT Group are as follows.

Verified greenhouse gas emissions		
Scope 1 360,923 t-CO <sub>2</sub> e	Scope 2 (market-based) 353,521 t-CO <sub>2</sub> e	Scope 3 3,277,378 t-CO <sub>2</sub> e

The breakdown of Scope 3 emissions are as follows.

Category 1: 3,102,160 t-CO<sub>2</sub>e | Category 6: 175,218 t-CO<sub>2</sub>e

### Conclusion

On the basis of our methodology and the activities described above:

- Nothing has come to our attention to indicate that the Selected Information has not been properly prepared, in all material respects, in accordance with the Reporting Criteria;
- It is our opinion that JT Group has established appropriate systems for the collection, aggregation and analysis of quantitative data within the scope of our work.

### Statement of Independence, Integrity and Competence

Bureau Veritas is an independent professional services company that specialises in quality, environmental, health, safety and social accountability with over 190 years history. Its assurance team has extensive experience in conducting verification over environmental, social, ethical and health and safety information, systems and processes.

Bureau Veritas operates a certified Quality Management System which complies with the requirements of ISO 9001:2015, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.



Bureau Veritas has implemented and applies a Code of Ethics, which meets the requirements of the International Federation of Inspections Agencies (IFIA), across the business to ensure that its employees maintain integrity, objectivity, professional competence and due care, confidentiality, professional behavior and high ethical standards in their day-to-day business activities.

Bureau Veritas Japan Co., Ltd.

Yokohama, Japan

April 16, 2019

