















































# Overview of the JT Group Sustainability Strategy

JT Group Purpose	Fulfilling Moments, Enriching Life				
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.				
	<div></div> <div>Living with the Planet</div> <div>Preserve a harmonious relationship between our environment, people, and corporate organizations through initiatives to improve our impact on environment</div>	<div></div> <div>Value Creation that Exceeds Consumer Expectations</div> <div>Create diverse products and services beyond consumer expectations</div>	<div></div> <div>Investing in our People and Supporting their Growth</div> <div>Invest in people to support their development with attention to diversity, and enhance human capital by fostering a corporate culture that maximizes individuality and ability of each person</div>	<div></div> <div>Responsible Supply Chain Management</div> <div>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</div>	<div></div> <div>Good Governance</div> <div>Enhance our governance by improving our stakeholder satisfaction and continue to be a trustworthy corporate entity</div>
JT Group Sustainability Targets	<div></div> <div>Biodiversity impact assessment</div>	<div><div></div><div>Emissions reduction</div></div>	<div></div> <div>Renewable energy</div>		
	<div></div> <div>Protecting water</div>	<div><div></div><div>Enhancing biodiversity – No deforestation, no conversion</div></div>	<div><div></div><div>Waste reduction</div></div>		
	<div><div></div><div>Designing for circularity – Packaging, product and device</div></div>	<div><div></div><div>Sustainable agriculture</div></div>	<div></div> <div>Reduced-Risk Products</div>		
	<div></div> <div>Transparency in reduced-risk science</div>	<div><div></div><div>Youth access prevention</div></div>	<div></div> <div>Creating first-in-class drugs</div>		
	<div></div> <div>Food Inclusion</div>	<div></div> <div>Diversity, equity &amp; inclusion</div>	<div></div> <div>Talent attraction</div>		
	<div></div> <div>Attractive working conditions</div>	<div></div> <div>Health and safety</div>	<div></div> <div>Development support</div>		
	<div><div></div><div>Internal and external collaboration</div></div>	<div><div></div><div>Supplier screening and supply chain due diligence</div></div>	<div><div></div><div>Grower living income</div></div>		
	<div><div></div><div>Human rights in grower communities</div></div>	<div><div></div><div>Grievance mechanisms</div></div>	<div><div></div><div>Community investment</div></div>		
	<div><div></div><div>Internal control</div></div>				






# JT Group Sustainability Targets (1/7)

Materiality		Target items	Targets
		<div>New</div> Biodiversity impact assessment	Each of the JT Group businesses will perform assessments to evaluate its impact and dependency on ecosystem, including biodiversity aspects. Impact assessments of our tobacco business will be performed by 2024, and our pharmaceutical and processed food business by 2025.
		Emissions reduction	<p>The JT Group will reduce its emissions and commits to be Carbon Neutral for its own operations by 2030 and achieve Net-Zero Greenhouse Gas emissions across its entire value chain by 2050.</p> <ul style="list-style-type: none"> <li>- By 2030, we commit to reduce absolute Scope 1 and 2 GHG emissions by 47% in line with a 1.5°C reduction pathway against a 2019 base year</li> <li>- By 2030, we commit to reduce absolute Scope 3 GHG emissions associated with purchased goods and services by 28% against a 2019 base year</li> <li>- Our tobacco business will be Carbon Neutral for its own operations by 2030 and will achieve Net Zero greenhouse gas emissions across its entire value chain by 2050. In support of this, the tobacco business will reduce emissions from its own operations by 47% and emissions associated with leaf and non-tobacco materials by 28%, against a 2019 base year</li> <li>- Our processed food business will promote energy-saving initiatives and introduce renewable energy to contribute to the Group's emissions reduction targets and to improve impact on environment</li> </ul>
		<div>Revised</div> Renewable energy	<p>By 2050, the JT Group will transition all of our energy use to zero carbon energy by 2050.</p> <ul style="list-style-type: none"> <li>- We will increase the proportion of renewable electricity that we use to 50% by 2030 and 100% by 2050. In our tobacco business, 50% by 2025 and 100% by 2040</li> </ul>

# JT Group Sustainability Targets (2/7)












Materiality		Target items	Targets
		<div>Revised</div> Protecting water	<p>The JT Group will engage in responsible water management and will pursue the following:</p> <ul style="list-style-type: none"> <li>- We will monitor the Group's use of water in areas with water scarcity. Our tobacco business will reduce water withdrawal in its own operations by 33% by 2030 against a 2019 base year. Our processed food business will pursue efficient water use and wastewater quality management to preserve water stewardship as a member of the local community</li> <li>- We will monitor water recycling at the Group's production facilities</li> <li>- We will prevent water pollution based on the Group's standards, which should be equal to or stricter than local legal requirements</li> <li>- Our tobacco business will have 100% of its eligible production facilities certified against the Alliance for Water Stewardship standard by 2030</li> </ul>
		<div>Revised</div> Enhancing biodiversity – No deforestation, no conversion	<p>With a view to enhancing biodiversity, the JT Group will contribute further to preserving forestry by pursuing the following in our tobacco business supply chain:</p> <ul style="list-style-type: none"> <li>- Replace all wood from natural forests used in the tobacco curing process of its directly contracted leaf growers with renewable fuel sources by 2030</li> <li>- No deforestation of natural forests in the operations and supply chains for tobacco leaf, paper and pulp-based materials by 2025 and in our entire supply chain by 2030</li> <li>- No conversion of natural ecosystem in the tobacco business' own operations and supply chains for tobacco, paper and pulp-based materials in high conservation value areas by 2025 and all natural lands by 2030</li> <li>- Zero net deforestation of managed natural forests in the entire tobacco business supply chain by 2030</li> </ul>

# JT Group Sustainability Targets (3/7)

Materiality		Target items	Targets
		Waste reduction	<div>Revised</div> <p>The JT Group will further reduce the environmental impacts of waste associated with its processes and products.</p> <ul style="list-style-type: none"> <li>- Zero factory waste to landfill by 2030 in our tobacco business</li> <li>- Our tobacco business will engage trade and consumers on responsible disposal of devices through take-back schemes for Ploom, and through anti-littering campaigns for consumables</li> <li>- Our processed food business will pursue waste reduction to contribute to a circular society and will aim to recycle 95% of all waste from its Japanese offices (excluding waste heat recovery)</li> </ul>
	  	Designing for circularity – packaging, product and device	<div>Revised</div> <p>The JT Group will reduce our packaging (including plastic) and ensure that the remaining is 88% reusable or recyclable by 2025, rising to 100% by 2030.</p> <ul style="list-style-type: none"> <li>- Our tobacco business will reduce packaging and achieve 85% recyclability by 2025, rising to 100% by 2030</li> <li>- In total, recycled content will account for 20% of our tobacco business packaging by 2025. The tobacco business will seek to further increase the use of recycled materials in its packaging</li> <li>- In our tobacco business, plastic in our packaging mix is only 7% by weight. The tobacco business will aim to further reduce the use of virgin plastic in its packaging. We are also working to develop more sustainable filter alternatives</li> <li>- Our tobacco business will take a phased approach in embedding learnings in its circular device development globally, by achieving battery removability &amp; replaceability for 100% of its RRP* devices shipped to the EU by 2027</li> <li>- Our processed food business will reduce packaging weight and utilize renewable plant-based resources to reduce environmental impact of its products</li> </ul>


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

# JT Group Sustainability Targets (4/7)

Materiality		Target items	Targets
 		 Sustainable agriculture	Our tobacco business will complete the elimination of Criterion 1 Highly Hazardous Pesticides (HHPs) from its direct tobacco leaf supply chain in 2024 and eliminate the use of all HHPs by 2040. 100% of our directly-contracted growers will have adopted Good Agricultural Practices (GAP) Protocol of our tobacco business by 2030.
		 Reduced-Risk Products	Our tobacco business will make its RRP* available in an increasing number of countries worldwide.
   		 Transparency in Reduced Risk Science	In our tobacco business, we will ensure that reduced risk claims are substantiated and that we are transparent about the risks of our products.
		 Youth Access Prevention (YAP)	In our tobacco business, we will continue deliver training on YAP to our marketing and sales force. We will also continue to work with our trading partners to ensure compliance with its YAP pillars.
		Creating first-in-class drugs	In our pharmaceutical business, we will continue our efforts and investments in research and development activities for innovative drugs in specific therapeutic areas.
		 Food inclusion	In our processed food business, we will be aware of the diversifying values and interests of our consumers. Most of all so that our consumers can enjoy delicious food, we will not only exclude certain raw materials, but also develop and provide high-value-added products, such as allergy-friendly products, products that do not use ingredients derived from animals, or products that are health-conscious and satisfy other preferences.










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

# JT Group Sustainability Targets (5/7)













Materiality		Target items	Targets
		Diversity, equity & inclusion	<p>Diversity in gender, nationality, individual experiences, expertise and values forms the foundation of a company's success and contributes to real sustainable growth. We will promote initiatives to enhance diversity and promote inclusion. Furthermore, as part of our efforts to empower women, our Group target for women's representation in managerial positions is to reach 30% by 2030.</p> <ul style="list-style-type: none"> <li>- Target for our tobacco business is to reach and maintain at least 1/3 of managerial positions filled by women</li> <li>- Our processed food business will promote organizational building for our diverse human resources to thrive and take active roles. In this context, the processed food business will work to empower women, with a view to contributing to the JT Group's goal for women in leadership</li> </ul>
		Talent attraction <span>New</span>	We will work to retain and attract our people from each location or business to build a continuous pipeline of talents to lead and manage our business. Our tobacco business will aim at achieving yearly Global Top Employer certification.
		Attractive working conditions <span>New</span>	While working at the JT Group, our employees will go through various stages in life. We will strive to improve our system so that the career path and work-life balance desired by each person is realized. We will also encourage and monitor rates for parental leave, so that we can provide support to our employees in balancing work and family life.
		Health and safety <span>Revised</span>	<p>We will prioritize the health and safety of our employees by proactively monitoring physical and mental health with the goal of achieving zero workplace injuries.</p> <ul style="list-style-type: none"> <li>- Our tobacco business will decrease the injury rate to 0.1 by 2030 in line with its vision of Zero workplace injuries</li> <li>- Our processed food business will aim for injury rates to or below 0.63 by 2030, with a view to achieving Zero workplace injuries</li> </ul>
		Development support <span>New</span>	We will create an ecosystem in which each JT Group employee can consider their own careers and make career choices. We will also provide learning opportunities tailored for each employee to proactively support their growth and the growth of our organization.



# JT Group Sustainability Targets (6/7)

Materiality		Target items	Targets
   	  	Internal and external collaboration	To promote collaborations within the Group across regions and functions, we will provide opportunities for collaborations while also proactively engage in collaborating with external parties to contribute to the development of inclusive and sustainable communities. Between 2015 and 2030, our employees will contribute 300,000 volunteering hours.
			<div>Revised</div> <p>The JT Group will screen all key suppliers against ESG criteria. Our tobacco business will screen 100% of its key suppliers against environmental, social and governance criteria by 2023. The tobacco business will also implement Agricultural Labor Practices (ALP) program in all leaf-sourcing countries by 2025. Furthermore, by 2025, our tobacco business will proactively manage ESG risks with all its critical suppliers, to ensure a sustainable business continuity. By 2028, all tobacco supplying entities will achieve a Supply Chain Due Diligence maturity score &gt;90%, verified by an independent third party. By 2025, we will complete supply chain due diligence of all key suppliers for our pharmaceutical business and processed food business and will also perform regular due diligence thereafter. Through the JT Group Supplier Code of Conduct and supplier questionnaires, our processed food business will work jointly with, share its values and communicate closely with its suppliers to realize a sustainable supply chain.</p>
			<div>New</div> <p>Grower living income</p> <p>In our tobacco business, the ambition is for all our leaf growers to achieve a living income. By 2025, we will implement our Living Income Calculator in 100% of our direct tobacco leaf supply chain origins.</p>

# JT Group Sustainability Targets (7/7)

Materiality		Target items	Targets
	 	Human rights in grower communities <span>Revised</span>	By 2025, our tobacco business will monitor 100% of farms in its direct tobacco leaf supply chain origins on human rights including child labor, and annually disclose related KPIs, prevention and remediation actions.
		Grievance mechanisms <span>New</span>	By 2027, our tobacco business will provide access to remedy via safe, accessible and effective grievance mechanisms for 100% of growers and farm workers in its direct tobacco leaf supply chain origins.
 	 	Community investment	Between 2015 and 2030 we will invest US\$600 million to help make communities inclusive and resilient, with our employees contributing 300,000 volunteering hours.
	  	Internal control	<p>Our tobacco business will always protect its ability to participate in public policy debate with the aim to achieve balanced regulation that meets societal concern and support business growth. The tobacco business will also engage in dialogue with law enforcement agencies, with the goal to exchange intelligence regarding illegal tobacco products, in order to support the reduction of these products.</p> <p>In our pharmaceutical business, to develop talent and foster employees' ethical awareness and sense of responsibility towards saving patients, we will continue to learn more about patients' needs by engaging in dialogue with medical experts through our internal educational activity "For the Patients Project." We will also conduct, among others, regular training programs for our medical representatives to provide medical professionals with latest, appropriate information on pharmaceutical products.</p> <p>Our processed food business will promote food safety management in compliance with global food safety standards to develop the highest level of food safety. While working on enforcing food safety and quality assurance, the processed food business will also enhance the way it communicates with consumers to provide them with safe, secure and high-quality products.</p>