

















Sustainability strategy of tobacco business

4 strategic focus areas	Aspirational goals	Targets* ¹	Progress	SDGs	
Products and services	We will be a total tobacco company offering consumers an even greater choice of products by focusing on quality, innovation, and reduced-risk potential.	Reduced-Risk Products Reduced-Risk Products (RRP) offer real benefits to consumers and society. Our responsibility as a manufacturer is to continuously develop and launch RRP that meet consumer expectations and to provide information on them. We will lead in providing the widest range of consumer choice in the RRP category.	At the end of 2020, we offered a choice of 6 tobacco vapor offerings (T-Vapor) and/or 5 types of e-cigarettes (E-Vapor) in 27 countries.		
		Product materials and packaging We will reduce the environmental impact of our products and packaging through design solutions, facilitating responsible collection and disposal, and consumer awareness and education. More specifically, we will reduce our packaging (including plastic) and ensure that the remaining is 85% reusable or recyclable by 2025, rising to 100% by 2030. In total, recycled content will account for 20% of our tobacco business packaging by 2025.	We will start reporting progress from 2022. Read more about our initiatives and programs to improve the environmental impact of our products and packaging on JT.com .		
People	We will be the employer of choice by investing in people.	Zero injuries In line with our vision of zero workplace injuries, we will reduce injury rates by 25% by 2023 and 50% by 2030. (Baseline year: 2015).	Recordable injury rate* ² declined 58.9% from 0.72 in 2015 to 0.30 in 2020.		
		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.	Since 2015, we have invested US\$349 million in our communities and employees volunteered 137,882 hours on company time.	  	
		Employer of choice We will be a certified employer of choice every year in at least 60 countries by focusing on talent management, rewards, and empowerment.	We were certified as employer of choice in 67 countries (64 with Top Employer and 3 with other local employer certifications). In addition, 11 countries hold more than one certification.		
Supply chain	We will reduce environmental and social risks, and enable transparent and responsible practices across our supply chain.	Greenhouse gas emissions We will reduce greenhouse gas emissions from our own operations by 35% and from our direct leaf supply chain by 40%, between 2015 and 2030.	Since 2015, we have reduced greenhouse gas emissions from our own operations by 28.6% and greenhouse gas emissions from our direct leaf supply chain by 6.0%.		
		Water and waste We will reduce water withdrawal by 15% and waste by 20%, in relation to our own operations, between 2015 and 2030.	Since 2015, we have reduced water withdrawal by 14.9% and waste by 13.8%, in relations to our own operations.		
		Forestry We will replace all wood from natural forests used in the tobacco curing process of our directly contracted growers with renewable fuel sources by 2030.	Based on our 2020 sustainable tree planting activities in Tanzania, Zambia and Brazil, we estimate that we are on a path to achieve consolidated 41 % renewable wood sourcing by 2027. * ³	 	
		Agricultural Labor Practices We will implement our Agricultural Labor Practices (ALP) program in all sourcing countries by 2025.	In 2020, 87% of our supplying entities reported against ALP. [58% of our directly contracted growers and 92%* ⁴ of our leaf merchants' growers were covered by ALP; leaf merchants data come from reporting entities only and excluding India and China.] 76% of our volumes were covered by ALP.		
		Supplier screening We will screen all key suppliers against environmental, social, and governance criteria by 2023.	At the end of 2020, 64%* ⁵ of our key suppliers were screened against ESG criteria.		
Regulatory environment and illegal trade	We will ensure the Company is included in policymaking leading to fair and balanced regulation, and enhance our cooperation with governments to combat illegal trade.	Engagement We will always protect our ability to participate in public policy debate with the aim to achieve balanced regulation that meets societal concern and supports business growth.	During 2020, we engaged openly and transparently in public policy debate and made our views known to regulators, NGOs and other relevant stakeholders in the countries where we operate.		
		Illegal trade We will engage in dialogue with law enforcement agencies, with the goal to exchange intelligence regarding illegal tobacco products, in order to support the reduction of illegal tobacco products.	In 2020, our Anti-Illicit Trade team provided 1,117 intelligence reports to law enforcement agencies, and advised 859 law enforcement officers on counterfeit recognition.		

*1 The above are targets for our tobacco business, except for Community investment which is a Group-wide target.

*2 Recordable injury rate = Recordable injuries/200,000 hours worked. Some data from newly acquired business have been excluded, as newly acquired business needs 18 months to integrate the JT Group Health and Safety Standards.

*3 Reduction from 59% in 2019 to 41% in 2020 can be attributed to lower tree planting and survival rates versus planned. Efforts and dedicated programs are in place to achieve 100% renewable wood supply by 2030.

*4 The decrease from 98% in 2019 to 92% in 2020 is due to new suppliers reporting, who have not implemented ALP yet.

*5 The decrease from 67% in 2019 is due to “key supplier” definition change, resulting in increased number of key suppliers, however total number of suppliers screened has increased.