# Top management message

Message from the CEO

Chief Sustainability Officer interview

# Message from the CEO



Masamichi Terabatake

Chief Executive Officer

For our Group to grow sustainably, it is vital for us to contribute to the sustainable development of our society through our business activities. As sustainability is at the heart of our management, we have set out a Group-wide sustainability strategy. We have also formulated a sustainability strategy for each of our businesses, bearing in mind the unique challenges they face.

Three absolute requirements of our Group-wide sustainability strategy are '<u>respect for human rights</u>', 'an improved <u>social</u> and <u>environmental impact</u>,' and '<u>good governance and business standards</u>'. These

are the foundations for a sustainable business. For our tobacco business, our core business, we have set four focus areas: '<u>products and services</u>', '<u>people</u>', '<u>supply chain</u>', and ' <u>regulatory environment and illegal trade</u>'. For these four focus areas, we have also established 11 specific targets and initiatives. By working towards the targets and promoting the initiatives, we will be supporting the United Nations' Sustainable Development Goals (SDGs).

In 2019, for the first time, we reported to our stakeholders on our progress toward the 11 specific targets for our tobacco business. Our pharmaceutical and processed food businesses both finished setting out their respective focus areas and targets, so we now have a sustainability strategy for all of our business segments. Going forward, we will continue to engage with our stakeholders and make concerted efforts to ensure that we can all grow together to secure a sustainable future.

Read more about our targets for each business.

# Interview with our Chief Sustainability Officer



Kazuhito Yamashita

Director and Senior Vice President Chief Sustainability Officer, Compliance and

# Q. Tell us about your role as the Chief Sustainability Officer (CSO).

Contributing to the sustainable development of society is essential for the JT Group to achieve sustainable growth, and to meet the needs of our four key stakeholder groups under our 4S model. As a director of the company and CSO, it is my role to look to the future and pursue sustainability management across our Group. With a mid- to long-term perspective, we aim to achieve sustainable growth for the society in which we operate and for the JT Group, so that we can respond to the expectations of our stakeholders.

# Q. How do you pursue sustainability management in your organization?

In 2015, we identified 22 material issues relevant to the JT Group and our stakeholders to achieve sustainable growth. In 2016, our Corporate Governance Policy stipulated that 'the Board of Directors, based on the understanding that measures towards domestic and foreign issues on sustainability are an essential part of risk management, shall receive reports as necessary through Members of the Board in charge of sustainability and proactively work on such issues, such as by holding discussions.' As the policy demonstrates, pursuing sustainability is at the heart of what we do, and it is one of the key management issues for the Group.

In 2019, to build on our past sustainability initiatives and continue evolving, we re-organized our organizational structure and established a sustainability management division at JT headquarters and appointed a Senior Vice President for sustainability. We also set out a sustainability strategy encompassing the whole Group. We are now supporting Group businesses to implement their respective sustainability strategies. By doing so, we are engaged in environmental management, risk management, supply chain management, initiatives for respecting human rights, and community investment on a day-to-day basis.

# Q. Tell us about your sustainability issues and challenges.

The three absolute requirements for the Group are '<u>respect for human rights</u>,' 'an improved <u>social</u> and <u>environmental impact</u>,' and '<u>good governance and business standards.</u>'

The JT Group operates in more than 130 countries and regions. In some of these markets, human rights are at risk – and respect for human rights is a crucial aspect of the Group's sustainability. We set out the JT Group Human Rights Policy in 2016. Since then, we have been training our employees on human rights through regular e-learning courses. We perform human rights due diligence for our operations globally. We work to ensure that human rights are respected not only within our own Group, but also throughout our value chain.

As we all are increasingly concerned about the effects of climate change, corporations are working on improving environmental impact. We have set out the JT Group Environment Plan 2030 to address these issues within our Group and throughout our value chain. We are working on reducing GHG emissions, shifting to renewable energy, managing water risks, conserving forest resources, and further reducing the environmental impact of waste.

To improve our social impact, we prioritize three areas: 'reducing inequalities,' 'improving community resilience in disaster-prone areas,' and 'protecting the environment.' What we would like to see is inclusiveness both in society as a whole and indeed in all the communities we operate in. We also provide employees with opportunities for volunteering so that they can proactively contribute to local communities.

Corporate governance is one of the most important management issues. Governance is a mechanism for ensuring that transparent, fair, prompt, and resolute decision-making is carried out in line with the 4S model, our management principles. Going forward, we will keep our governance under review for continuous improvement to ensure it is fit for the purpose.

# Q. Can you tell us about the sustainability strategy for each of your businesses?

Each business has set out its own 'focus areas,' with specific targets. Back in 2018, our tobacco business had four focus areas and a total of 11 targets. By pursuing such targets, we believe we can support and contribute to achieving the United Nations' Sustainable Development Goals. I'm pleased to say this is the first time we are reporting on progress toward achieving the <u>11 targets of our tobacco business</u>.

During 2019, our pharmaceutical and processed food businesses set out their own sustainability

# Q. Can you give us some insights into the sustainability strategy for your tobacco business?

E-cigarettes and tobacco vapor products are gaining popularity as alternatives to traditional combustible products. With the surge of a new category of <u>Reduced-Risk Products (RRP)</u>, (Products with the potential to reduce the risks associated with smoking.) the tobacco industry is undergoing a major change. We have selected 'products and services' as one of our focus areas. Understanding what consumers are looking for is essential. We would like to offer our customers an even greater choice of products by focusing on quality, innovation, and reduced-risk potential.

For the Group to achieve sustainable growth, the skills and commitment of our employees are vital. The communities we operate in, and the people who live in them are important stakeholders. For this reason, we focus on '<u>Investing in people</u>,' and our tobacco, pharmaceutical, and processed food businesses have each chosen this topic as one of their focus areas.

<u>Supply chain</u> management is a top priority for our business. Leaf tobacco is the most important raw material for us, so its stable and sustainable procurement is crucial to supply chain management. We will continue to implement Agricultural Labor Practices (ALP), our core program for managing the leaf tobacco supply chain and responding to societal issues.

The tobacco industry is highly regulated. The restrictions imposed through <u>regulation</u> are increasing every year and it is an area of concern to our stakeholders. We will protect our ability to participate in public policy debates and continue to engage in dialogue. <u>Illegal trade</u> not only undermines our business, but it can cause serious harm to our consumers and society. We will continue to engage with law enforcement agencies, exchanging intelligence about illegal tobacco products to help reduce illegal trade.

# Q. How are you raising awareness of sustainability within the Group?

We are working to raise each and every employee's awareness of sustainability through a variety of initiatives. These include communications from top management to employees, seminars on ESG (environmental, social, and governance) issues, workshops to enhance employees' understanding of the United Nations' Sustainable Development Goals, and briefings at our operational sites.

In our international tobacco business, our Sustainability Awards celebrate outstanding sustainability projects undertaken by our own employees. Through these initiatives, we encourage our employees to think about and act on sustainability.

# Q. Tell us about your aspirations for the future.

As we work day in, day out to grow our business, my dream is for everyone in our Group to think about sustainability and to feel that they are contributing to improving the society we are all part of. I believe this is the direction we should be heading in – I hope I can be proactive in leading the way.



## **Related links**

Our sustainability strategy

Top management message

The 4S model, Materiality, Sustainability strategy, SDGs Stakeholder engagement

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# The 4S model, Materiality, Sustainability strategy, SDGs

# Overview



# The 4S model

We strive to fulfill our responsibilities to our valued consumers, shareholders, employees and the wider society. Carefully considering the respective interests of these four key stakeholder groups, and exceeding their expectations wherever we can.

Consumers, shareholders, employees, and society - these are the four stakeholder groups (4S) at the heart of everything we do at JT. Our commitment to serving these groups is represented in the 4S model.

We always try to exceed the expectations of our four stakeholder groups wherever we can, based on the principles of the 4S model. For our consumers, this means offering superior products that meet or go beyond their evolving

needs. For our shareholders, we aim to enhance returns based on our profit growth outlook and strike a balance between providing shareholder returns and investing in the business for future profit growth. For our employees, we will work to ensure that we maintain our reputation as a respected member of the community and a company that they can feel proud to be a part of. And we will continue to contribute to society as a whole, recognizing that our growth benefits from a sustainable society, and in doing so enhance our corporate value.

Our vision, based on the 4S model, is to achieve global growth by providing value unique to our Group. Our mission - our concrete action plan to achieve our vision - is to create, develop, and nurture our brands to meet consumers' needs while understanding and respecting the environment and the diversity present in society.

# The JT Group's material issues

To help the JT Group to grow, and to build a sustainable future as a member of the society in which we operate, we have identified a list of high-priority material issues. Our materiality is based on the JT Group's management principle, the 4S model. In 2015, we performed a materiality assessment covering the entire Group for the first time, selecting material issues with a medium or high level of importance for the JT Group and for our external stakeholders.

To identify our material issues, we began with a media and peer review, which generated a list of sustainability topics relevant to the Group. In addition to interviews with employees, our CEO, and other members of top management, we also held interviews with 17 external stakeholders, including suppliers, investors, labor unions, NGOs, and industry associations. Our top management then approved the results of the materiality assessment during a special workshop.

This process resulted in a final list of 22 material issues. We then divided these into two categories according to their level of importance to the JT Group and our external stakeholders: medium or high.



Since our first materiality assessment, we have noted increasing public concern about the environment. We share this concern and have therefore repositioned "Environment" from Medium-Medium to High-High in the above matrix. We will continue to build on our effort to reduce our environmental impact on the planet. Read more about our approach in the <u>Environment</u> section.

Looking ahead, we plan to carry out periodic materiality assessments to ensure that our priorities are up-to-date and consistent with the current needs.

# Sustainability strategy overview

The JT Group's sustainability strategy is formulated based on the 4S model, our management principles, and encompasses our materiality analyses. It encourages us to look beyond our usual planning cycle period and think about the longevity of our business, the future of our planet and the society we live in. The foundations of our sustainability strategy, which apply across the Group, are our "three absolute requirements for sustainability."

# The JT Group's three absolute requirements for sustainability



## Respect for human rights

We are committed to respecting human rights across our global operations and value chains, as expressed in the JT Group Human Rights Policy.

#### Read more



## An improved social and environmental impact

We are committed to protecting the environment and making a positive difference wherever we operate.

Read more about how we are improving our <u>social</u> and <u>environmental</u> impact



## Good governance and business standards

We are committed to promoting transparent, fair and timely decisionmaking that carefully considers the respective interests of consumers, shareholders, employees and the wider society.

#### Read more

# Tobacco business sustainability strategy

We have identified priority areas for each business segment. The tobacco business, our core business, has selected the following four focus areas with its aspirational goals. In addition, we have set <u>11 specific targets.</u>

Focus areas	Aspirational goals
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.
People	We will be the employer of choice by investing in people.
Supply chain	We will reduce environmental and social risks, and enable transparent and responsible practices across our supply chain.
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.



Tobacco business sustainability strategy - Focus areas, aspirations, targets and progress

# Pharmaceutical business sustainability strategy

Throughout 2019, our pharmaceutical business held numerous discussions on sustainability and set out three focus areas. The mission of our pharmaceutical business is to create innovative, original drugs to support patients in the shortest time possible. In view of this mission, we have selected **"products and services"** and **"product safety and responsibility"** as our focus areas. As talent development of our employees is essential to first-in-class drug discovery, we have also selected **"people"** as our focus area. In total, we have set <u>five specific targets</u> for these pharmaceutical business focus areas.

Focus areas	Aspirational goals	
Products and services	We will create innovative, original drugs to support patients in the shortest time possible.	
People	We will strive to nurture talent development which enables us to create first-in- class (FIC) drugs.	
Product safety and responsibility	We will strictly comply with all relevant laws, regulations, and industry standards in order to deliver safe drugs to patients.	



Pharmaceutical business sustainability strategy - Focus areas, aspirations and targets

# Processed food business sustainability strategy

Our mission in the processed food business is to deliver safe, high-quality products to consumers. One of the focus areas that we have selected is "**products and services**." We aim to continuously deliver products with commitment to quality and technology, in line with consumer needs. In the processed food business also, we will place emphasis on "**people**." We will strive to ensure workplace safety and invest in our people. Our third focus area is the "**supply chain**." We will continue to deliver safe products to our consumers by working on reducing social and environmental impacts, to ensure that our supply chain is sustainable over the mid- to long-term. In total, there are <u>eight targets</u> Set for the focus areas in the processed food business.

Focus areas	Aspirational goals
Products and services	We will continue to provide high-quality, technology-driven products in response to our customer's needs, to satisfaction and trust.
People	We will ensure workplace safety for our employees, while continuously investing in people who can contribute to enhancing corporate value.
Supply chain	We will reduce social and environmental impacts and continue to deliver safe products to consumers.



Processed food business sustainability strategy - Focus areas, aspirations and targets

# Contribution to the SDGs

The JT Group supports the Sustainable Development Goals (SDGs) adopted by the United Nations. Through our business activities, the JT Group will contribute to the SDGs related to our business and its environment. We have mapped related SDGs against our initiatives for sustainable business, and identified the nine SDGs to which our business can best contribute.





#### **Related links**

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#### Sustainability Strategy of Tobacco Business

4 Strategic Focus Areas	Aspirational Goals	Targets*1	Progress*2	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.	<b>Reduced-Risk Products</b> 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 2019, our Reduced-Risk Product portfolio was present in 28 countries, with a choice of three tobacco vapor offerings (T-Vapor) and five types of e-cigarettes (E-Vapor).	3 GOOD HAITH 
People	We will be the employer of choice by investing in people.	<b>Zero Injuries</b> 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* <sup>3</sup> declined 31.2% from 0.72 in 2015 to 0.49 in 2019.	8 RECENTING AND ESONARE CONTROL
		<b><u>Community Investment</u></b> 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\$300 million in our communities and employees volunteered 119,349 hours on company time.	
		<b>Employer of Choice</b> We will be a certified employer of choice every year in at least 60 locations by focusing on talent management, rewards, and empowerment.	We were certified as a Top Employer in 63 locations, an increase of 5 locations from the prior year. We were also awarded with local certifications in 8 locations.	8 IECISH MBR AND EDIMME CHIEFT
1	We will reduce environmen- tal and social risks, and enable transparent and	<u>Greenhouse Gas Emissions</u> 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 17.4%. Greenhouse gas emissions from our direct leaf supply chain increased by 17.9%.*4	13 come Core
	responsible practices across our supply chain.	<u>Water and Waste</u> 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 9.7% and waste by 6.3%, in relations to our own operations.	12 REPORTER DORGRAFTIN CONSTITUTION
		<b>Forestry</b> 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 2019 sustainable tree planting activities in Tanzania, Zambia and Brazil, we estimate that we are on a path to achieve 59% renewable wood sourcing by 2026.	12 CONSIDER AN PRODUCTIVE
		Agricultural Labor Practices We will implement our Agricultural Labor Practices (ALP) program in all sourcing countries by 2025.	In 2019, 81% of our supplying entities reported against ALP. [58%* <sup>5</sup> of our directly contracted growers and 98% of our leaf merchants were covered by ALP; leaf merchants data come from reporting entities only and excluding India and China.]	8 (всехи наяк на) солжив солжин
			74% of our volumes were covered by ALP.	
		<b>Supplier Screening</b> We will screen all key suppliers against environmental, social, and governance criteria by 2023.	At the end of 2019, 67% of our key suppliers were screened against ESG criteria.*6	8 IECSNINGE AND EDMANE EDMANH
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.	<b>Engagement</b> 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 2019, 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.	16 MACL JUSTICE And STROME NATIONARY
		<b>Illegal Trade</b> 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 2019, our Anti-Illicit Trade team provided 1,129 intelligence reports to law enforcement agencies, and advised 2,687 law enforcement officers on counterfeit recognition.	16 react metric and strong Structures

\*<sup>2</sup> Progress shown above are 2019 results.

\*<sup>3</sup> 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.

curing barn upgrades and the increase in proportion of renewable wood used for curing in Zambia and Tanzania.

\*5 The decrease from 96% in 2018 to 58% in 2019 is due to new acquisitions.

\*6 Results for our international tobacco business.

for curing that currently is predominantly non-renewable. We expect that the impact of initiatives to reduce leaf-related emissions will be seen from 2022 onwards, with

## Sustainability Strategy of Pharmaceutical Business

Strategic Focus Areas	Aspirational Goals	Targets
Products and Services	We will create innovative, original drugs to support patients in the shortest time possible.	<b>Engaging in R&amp;D Activities</b> We will continue our efforts and investments into research and development activities of innovative drugs in specific therapeutic areas.
People	We will strive to nurture talent development which enables us to create first-in-class (FIC) drugs.	Fostering Ethical Awareness In order to develop talent and foster employees' ethical awareness and sense of responsibility towards saving patients, we will continue to learn patients' needs by engaging in dialogue with medical experts through our internal educational activity "For the Patients Project."
		<b>Community Investment*</b> Between 2015 and 2030 we will invest US\$600 million to help make communities inclusive and resilient, with our employees contributing 300 volunteering hours.
Product Safety and Responsibility	We will strictly comply with all relevant laws, regulations, and industry standards in order to deliver safe drugs to patients.	<b>Responsible Promotion of Drugs</b> We will conduct, among others, regular training programs for our medical representatives in order to provide medical professionals with appropria on pharmaceutical products.
		<b>Greenhouse Gas Emissions</b> We will reduce greenhouse gas emissions from our own operations by 31%, between 2015 and 2030.

\* Target for Community Investment is a Group-wide target.



## Sustainability Strategy of Processed Food Business

Strategic Focus Areas	Aspirational Goals	Targets	SDGs	
Products and Services	We will continue to provide high-quality, technology-driven products in response to our customer's needs, to satisfaction and trust.	Improvement of Quality of Life We will develop and provide high-value-added products with a focus on "health," "convenience," and "diversity," in response to diverse consumer needs.	<b>3</b> GOOD HEALTH AND WILL SHIRE 	
People	We will ensure workplace safety for our employees, while continuously investing in people who can contribute to enhancing corporate value.	<b>Enhance Job Satisfaction</b> We will further improve job satisfaction by promoting talent development in a secure and motivating workplace.	8 BECAN MORE AND ICONNEE CRONTH	
		Zero Injuries In line with our vision of zero workplace injuries, we will reduce injury rates by 25% by 2025 and 50% by 2030. (Baseline year: 2018)	8 весян мовк ма геономе своитн	
		Community Investment*1 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.		17 PARTIMERSHIPS FOR THE GOALS
Supply Chain	We will reduce social and environmental impacts and continue to deliver safe products to consumers.	Foster a Safe and Reliable Corporate Brand We will promote food safety management in compliance with global food safety standards to develop food safety. We will also enhance the way we communicate with customers so that they retain trust in our food quality.	12 REFORME NO FROMEWORK	
		Promote Use of Environmentally Friendly Packaging Materials We will promote the use of renewable plant-based resources and reduce our use of non-renewable resources, to reduce the environmental impact of our products.	12 ACTIVATION AND ACTIVATICA ACTIVATICA ATTIVATICA ATTIVATICA ATTIVATICA ATTIVATICA ATTIVATICA A	
		Waste We will reduce the amount of waste associated with our Japanese domestic offices by an average of 1% per year. (Intensity target*2).	12 Instruction Construction COCO	
		<b>Greenhouse Gas Emissions</b> We will reduce greenhouse gas emissions from our own operations by 28%, between 2015 and 2030.	13 Adure	

\*1 Target for Community Investment is a Group-wide target.
 \*2 Amount of waste generation / Amount of production.

# Stakeholder engagement

We regularly engage with consumers, shareholders, employees, and members of wider society to understand the issues that matter to them most, and to meet their needs and expectations. This engagement is vital in helping us to make decisions that will drive long-term sustainability. Listed below are our key stakeholder groups and how we engage with them.

# Customers and consumers

- Our sales force interacts with our retailers and consumers on a day-to-day basis to better understand their needs and preferences (e.g. visiting retailers, interactive sampling of new products where legally permitted, etc.)
- We respond to product and business enquiries from consumers through our consumer hotline service
- When it comes to developing our Reduced-Risk Products, we listen to what our consumers want to make sure that we provide them with the widest range of quality products

# Shareholders

- We hold an annual general meeting every year and present our financial results to our shareholders
- We are in regular contact with institutional shareholders to discuss the issues of concern to them

# Employees

- We conduct regular employee engagement surveys to understand how we can continuously improve employee satisfaction
- Our employees have regular opportunities to discuss their career aspirations through performance assessments
- Our Codes of Conduct are developed in collaboration with our employees, and concerns about violations can be shared with management anonymously through our Reporting Concerns
   Mechanism

 In our international tobacco business, our people celebrate their sustainability initiatives and share new ideas through our annual Sustainability Awards >

# Suppliers

- All of our suppliers are required to comply with our JT Group Supplier Standards and we select our suppliers not only based on quality, service, and cost, but also on their compliance with ESG related standards such as ensuring the health and safety of their employees. This is reflected in our JT Group Responsible Procurement Policy
- In our tobacco business, we support our growers through our Agricultural Labor Practices, which allows us and our suppliers to identify potential labor challenges on tobacco farms and help improve growers' labor practices
- For our non-tobacco materials, we develop strong partnerships with our key suppliers in order to achieve mutual long-term success

# Trade associations

 We engage with trade associations by participating in working groups and policy commissions in order to achieve a better business environment not only for us but also for other member companies

# Communities

- We support the development of inclusive and sustainable societies by voluntarily engaging with charitable organizations in the communities where we operate
- We provide post-disaster support to local communities

# Non-governmental, regional, and international organizations

- We partner with non-governmental organizations and non-profit organizations to deliver our community investment programs
- We partner with organizations supporting the communities where we buy tobacco leaves

# Governments and regulators

- We engage in open and transparent dialogues with governments and regulators regarding regulations affecting our business and society
- While engaging with regulators, we strictly comply with our anti-bribery policy which is embedded in our Codes of Conduct
- We will enhance our cooperation with governments to combat illegal trade

# Our partners, memberships, and registrations

We collaborate with a number of organizations to increase the impact of our initiatives and benefit society and business, globally.

# Across our Group

#### Business for Social Responsibility (BSR)

BSR is a global non-profit organization that works with its network of companies and partners to build a just and sustainable world. We have been a member of BSR since 2015, and have a multi-year partnership to implement Human Rights Impact Assessments. We have also been a member of BSR's <u>Human Rights Working Group</u> is since 2018, which provides us with opportunities to learn and share human rights best practices with a cross-sector group of companies.

#### Eliminating Child Labor in Tobacco-growing (ECLT) Foundation

The JT Group is a member of the ECLT Foundation, a non-profit organization that works towards eliminating the worst forms of child labor and forced labor from tobacco farming and tobacco production.

#### International Integrated Reporting Council (IIRC)

The IIRC is a global non-profit organization with the aim of advancing the evolution of corporate reporting. We reference the requirements of the IIRC for the development of our integrated reporting. We are also a member of the IR business network, the IIRC global flagship program, which enables organizations to improve the quality of their integrated reporting. We joined in 2019.

#### London Benchmarking Group (LBG)

The LBG is a network that provides a global standard in measuring and managing corporate community investment. The JT Group community investment-related data is measured according to the LBG framework, and has been reported on a Group level since 2015.

# In our Japanese operations

#### Council for Better Corporate Citizenship (CBCC)

The CBCC was established in 1989 with the support of Keidanren (the Japan Business Federation). It promotes and supports Japanese companies' Corporate Social Responsibility (CSR) activities.

#### Declaration of Biodiversity by Keidanren

Keidanren (the Japan Business Federation) revised the Declaration of Biodiversity in 2018. JT agree with the purpose of this policy. Our approach and programs on biodiversity are showcased in the <u>booklet</u> of the Declaration of Biodiversity by Keidanren.

#### The Japan Frozen Food Association (JFFA)

The main members of this association are Japanese companies, including our Group company, TableMark. These companies produce frozen foods, and strive for a stable food supply and an effective use of food resources.

#### Keidanren

Keidanren (the Japan Business Federation) is an economic organization. Its members include 1,412 Japanese companies, 109 national industrial associations, and 47 local economic organizations (as of April 1, 2019).

#### The Tobacco Institute of Japan (TIOJ)

The TIOJ is a Japanese tobacco industry association, addressing social issues on tobacco products in Japan.

#### Youth smoking prevention councils

We are a part of various youth smoking prevention councils nationwide, together with local government and police representatives, as well as the local tobacco retailers association.

# In our international operations

#### Business Action to Stop Counterfeiting and Piracy (BASCAP)

The aim of the International Chamber of Commerce's BASCAP is to raise awareness of the economic and social harm of counterfeiting and piracy.

#### **BusinessEurope**

BusinessEurope is a leading advocate for growth and competitiveness in Europe, standing up for companies across the continent. We are involved in various working groups.

The CELC is a leading provider of best practice research, executive education, and decision-support services to Chief Compliance Officers.

#### The European Cigar Manufacturers Association (ECMA)

The ECMA represents the major cigar manufacturers in Belgium, Denmark, Germany, Hungary, Italy, Luxembourg, The Netherlands, Spain (including the Canary Islands), and Switzerland. Together, the ECMA members account for over 90% of the cigars produced in and exported from the EU.

#### The EU Transparency Register

The Transparency Register is operated by the European Parliament and European Commission, and has been set up to answer questions such as which interests are being pursued, by whom, and with what budgets. Since 2011, JTI has been a registrant of the EU Transparency Register, setting out our fields of interest and costs related to engagement activities within the EU decision-making process.

#### Farm Labor Practices Group

This multi-stakeholder organization focuses on improving conditions for farm workers in the U.S. The aim of our membership is to improve legislation and bring higher standards of protection to farm workers.

#### The Global Tobacco and Nicotine Forum (GTNF)

Through this global platform, we exchange views and ideas about tobacco, nicotine, and public health among public health experts, government representatives, investors and members of the tobacco and nicotine industries.

International Chamber of Commerce (ICC)

The ICC is the world's largest business organization, representing more than 45 million companies in over 100 countries. We sit on three of ICC's policy commissions: Intellectual Property, Marketing and Advisory, and Trade and Investment.

#### Law enforcement agencies

We work with law enforcement agencies worldwide to combat the illicit trade of tobacco products, sharing information and evidence that leads to seizures and prosecutions, and providing illegal tobacco awareness programs.

#### Sustainable Tobacco Program (STP)

This industry-wide platform enables businesses to collaborate on human rights, environmental issues, and other sustainability challenges, and to drive sustainable agriculture through a continuous improvement process. We are an active member and chair of the STP's steering committee. Read more about how we are <u>building sustainable supply chains</u>.

#### Tobacco Europe

Tobacco Europe focuses on building relationships with policymakers in an open and transparent manner.

#### TRACE

TRACE is a globally recognized anti-bribery business association and a leading provider of risk management solutions.

The Institute of Business Ethics (IBE)

The IBE was established in 1986 to promote high standards of business behavior based on ethical values.

#### **GRI** Community Membership

The GRI is an independent international organization that has pioneered sustainability reporting. We reference the principles of <u>the GRI standards</u> for the development of our sustainability online contents. JTI joined the GRI Community in 2020.

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