We strive to foster a healthy, sustainable and productive environment for future generations by balancing our activities and our relationship with the environment across our value chain and in wider society.

Our approach:

#### 1. Identify environmental risks and opportunities:

We identify and periodically review the environmental risks and opportunities significant for our business and stakeholders, which currently include climate change, sustainable use of resources and responsible waste management. In our Group environmental plans, we set commitments, objectives and targets to reduce the impacts associated with the risks and to realize the opportunities

### 2. Implement effective environmental management systems:

Through environmental management systems, we develop approaches to address the identified environmental risks and opportunities, ensure the necessary resources are available to manage environmental issues, and seek to continually improve our overall environmental performance.

### 3. Assure compliance in countries and regions where we operate:

We respect the global consensus for environmental protection and we comply with not only environmental regulatory requirements, but also our own internal environmental standards.

## 4. Manage change associated with our business:

We proactively identify and address new or different environmental risks or opportunities that could occur from changes associated with our business, through environmental due diligence, business planning and execution of business integration.

## 5. Consider our value chains, and engage with suppliers and service providers:

We strive to reduce environmental impacts along our value chain through improved product design and development, responsible procurement, efficient delivery of our products and services, and adoption of innovative technologies and approaches, amongst other things. We also require our suppliers and service providers to abide by our Supplier Standards and align with our Environment Policy.

# 6. Improve awareness and competency among employees in relation to environmental issues:

We educate and train employees to improve their environmental awareness, seek their commitment to addressing environmental issues and encourage them to take personal responsibility for the environment.

### 7. Engage with our Stakeholders:

In-line with our 4S model, we monitor and openly communicate our environmental initiatives and performance to our internal and external stakeholders to build trust and promote further improvement.

Masamichi Terabatake President and Chief Executive Officer Japan Tobacco Inc.

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