



Global Reporting Initiative (GRI) Index

We have compiled the FY2019 Report according to the principles of the Global Reporting Initiative (GRI) Index Sustainability Reporting Standards. We defined the content of this document using a materiality assessment that covered the entire JT Group.

The Index below includes the location of and additional information pertaining to the Universal Standard Disclosures and the Specific Standard Disclosures. Further information on the calculation methodology and scoping is available in our [Basis of Reporting](#), notably for the business divisions of Compliance, Human Resources (HR), Workplace Health and Safety, Environment, and Community Investment. Some of the data within the Report has been externally verified.

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Universal Standard Disclosures

Organizational Profile

GRI indicator	Disclosure
102-1 Name of organization	Japan Tobacco Inc.
102-2 Activities, brands, products, and services	<p>Corporate profile</p> <p>The regulatory approach to the Reduced-Risk Products* category varies greatly from country to country. Depending on the jurisdiction and product characteristics, there may be no restrictions, outright bans, or any number of regulatory variants.</p> <p>There are countries in which:</p> <ul style="list-style-type: none"> >sales of E-Vapor and/or T-Vapor are banned completely; > E-Vapor without nicotine is permitted, but E-Vapor with nicotine is effectively banned as a pharmaceutical license is required (e.g. Japan); or > the same regulations apply to both cigarettes and T-Vapor. <p>* Reduced-Risk Products (RRP) are those with the potential to reduce the risks associated with smoking.</p>
102-3 Location of headquarters	About our reporting
102-4 Location of operation	Corporate profile
102-5 Ownership and legal form	<p>Integrated Report FY2019:</p> <p>>History of the JT Group p.12~13 > Shareholder information p.105</p>

GRI indicator	Disclosure
<p>102-6 Markets served</p>	<p>1 Geographic locations where products and services are offered: Corporate profile</p> <p>2 Sectors served: Corporate profile</p> <p>3 Types of customers and beneficiaries: Our tobacco business value chain Our pharmaceutical business value chain Our processed food business value chain</p>
<p>102-7 Scale of organization</p>	<p>1 Total number of employees: Integrated Report FY2019: Fact sheet  (supplementary document)</p> <p>2 Total number of operations: Integrated Report FY2019:  >Consolidated financial statements p.94~95</p> <p>3 Net sales (for private sector organizations) or net revenues (for public sector organizations): Our tobacco business value chain Our pharmaceutical business value chain Our processed food business value chain</p> <p>4 Total capitalization (for private sector organizations) broken down in terms of debt and equity: Integrated Report FY2019: Fact sheet  (financial data)</p> <p>5 Quantity of products or services provided Integrated Report FY2019:  >Business Review p.42~53</p>
<p>102-8 Information on employees and other workers</p>	<p>Corporate profile Basis of Reporting</p> <p>EMPLOYEES BY TYPE OF CONTRACT AND GENDER AS OF THE END OF 2019</p>

GRI indicator	Disclosure			
	TYPE OF CONTRACT	MALE	FEMALE	TOTAL
	Permanent (full- and part-time)	33,107	10,630	43,647
	Temporary full-time	3,639	1,860	5,499
	Temporary part-time ^{*C}	n/a	n/a	4,939
	Temporary part-time ^{*E}	19	56	75
	Supervised workers ^{*C}	n/a	n/a	1,759
	COUNTRY	THE NUMBER OF EMPLOYEES		TOTAL
		MALE	FEMALE	
	Japan	13,561	4,643	18,204
	Total of all other countries (excluding Japan)	23,095	7,847	30,942
	The above data excludes temporary part-time and supervised workers.			




GRI indicator	Disclosure
<p>102-9 Supply chain</p>	<p>Description of the organization's supply chain, including its main elements as they relate to the organization's activities, primary brands, products, and services.</p> <p>Corporate profile – Our businesses Our tobacco business value chain Building sustainable supply chains Our pharmaceutical business value chain Our processed food business value chain</p>
<p>102-10 Significant changes to the organization and its supply chain</p>	<p>1 Changes in the location of, or changes in, operations, including facility openings, closings, and expansions: About our reporting</p> <p>2 Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations): About our reporting Integrated Report FY2019:  Shareholder information p.105</p> <p>3 Changes in the location of suppliers, the structure of the supply chain, or relationships with suppliers, including selection and termination. Corporate profile(for countries in which we directly source tobacco leaf) Our tobacco business Building sustainable supply chains Exceeding expectations with products and services(Reduced-Risk Products supply chain)</p> <p>Our pharmaceutical business value chain Our processed food business value chain</p>
<p>102-11 Precautionary principle or approach</p>	<p>Whether and how the organization applies to the precautionary principle or approach.</p> <p>Materiality Risk management</p>
<p>102-12 External initiatives</p>	<p>A list of externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes, or endorses.</p> <p>Stakeholder engagement</p>
<p>102-13 Membership of associations</p>	<p>A list of the main memberships of industry or other associations, and national or international advocacy organizations.</p> <p>Stakeholder engagement</p>



Strategy

Ethics and Integrity

GRI indicator	Disclosure
102-16 Values, principles, standards, and norms of behavior	Our sustainability strategy. Group compliance
102-17 Mechanisms for advice and concerns about ethics	Our Codes of Conduct




Governance


GRI indicator	Disclosure
<p>102-14 Statement from senior decision-maker</p>	<p>A statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy for addressing sustainability.</p> <p>Top message</p>
<p>102-15 Key impacts, risks, and opportunities</p>	<p>Integrated Report FY2019: </p> <ul style="list-style-type: none"> >Value creation story p.14~15 >Investing in people p.18~21 >Our material issues p.23 >Our sustainability strategy p.24~29 >Tobacco business sustainability strategy 4 focus areas p.36~41 >Risk factors p.54~57 >Non-financial key performance p.62~63 >Respect for Human Rights p.66 >Improving our social impact p.67 >Improving our environmental impact p.68~69 >Awards and recognition p.106 <p>>Our sustainability strategy (materiality, sustainability strategy, sustainable development goals Tobacco business sustainability strategy targets Pharmaceutical business sustainability strategy targets Processed food business sustainability strategy targets)</p>
<p>102-18 Governance structure</p>	<p>1 Governance structure of the organization, including committees of the highest governance body.</p> <p>2 Committees responsible for decision-making on economic, environmental, and social topics.</p> <p>Integrated Report FY2019: </p> <ul style="list-style-type: none"> >Good governance and business standards p.70~83 <p>Corporate Governance Compliance</p>
<p>102-19 Delegating authority</p>	<p>Process for delegating authority for economic, environmental, and social topics from the highest governance body to senior executives and other employees.</p> <p>Integrated Report FY2019: </p> <ul style="list-style-type: none"> >Good governance and business standards p.70~83

GRI indicator	Disclosure
<p>102-20 Executive-level responsibility for economic, environmental, and social topics</p>	<p>1 Whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental, and social topics.</p> <p>2 Whether post holders report directly to the highest governance body. Integrated Report FY2019:  >Good governance and business standards p.70~83</p> <p>JTI Executive Committee: https://www.jti.com/about-us/our-business/our-leadership </p>
<p>102-21 Consulting stakeholders on economic, environmental, and social topics</p>	<p>1 Processes for consultation between stakeholders and the highest governance body on economic, environmental, and social topics.</p> <p>2 If consultation is delegated, describe to whom it is delegated and how the resulting feedback is provided to the highest governance body. JT Group Materiality Stakeholder engagement</p> <p>Our initiatives for stakeholder engagement are described in the Sustainability section of our global website. For example, our engagement with:</p> <ul style="list-style-type: none"> > our suppliers such as directly contracted growers, third-party suppliers of tobacco leaf or other suppliers as well as government agencies, NGOs and industry organizations (see Building sustainable supply chains); > our consumers or retailers (see Exceeding expectations with products and services); > law enforcement partners in tackling illegal trade (see Tackling the Illegal trade); > local communities (see Improving our social impact); > our employees (see Our people, or The JT Group health and safety); > our Human Rights External Advisory Board and other partners (see Respecting human rights). <p>Integrated Report FY2019: >CFO message p. 58</p>



GRI indicator	Disclosure
<p>102-22 Composition of the highest governance body and its committees</p>	<p>Composition of the highest governance body and its committees by:</p> <ul style="list-style-type: none"> 1 Executive or non-executive 2 Independence 3 Tenure on the governance body 4 Number of each individual's other significant positions and commitments, and 5 The nature of the commitments 6 Gender 7 Membership of under-represented social groups 8 Competencies relating to economic, environmental, and social topics 9 Stakeholder representation <p>Integrated Report FY2019: >Good governance and business standards p.70~83</p>

Stakeholder Engagement

GRI indicator	Disclosure
<p>102-40 List of stakeholder groups</p>	<p>Stakeholder engagement</p> <p>Integrated Report FY2019: >CFO message p.58</p> <p>Our initiatives for stakeholder engagement are described throughout the sustainability content. See explanation for 102-21 for more details.</p> <p>JT Corporate Governance Policy p.2~7 https://www.jt.com/about/corporate_governance/pdf/20190320_11.pdf </p>
<p>102-41 Collective bargaining agreements</p>	<p>Basis of Reporting</p> <p>A total of 64 companies have a union in our Group, and 93.1% of eligible employees (only in JT and Japanese domestic group companies) are covered by collective bargaining agreements. Due to legal requirements in certain countries, we can't know whether employees are unionized, and thus cannot provide the information regarding employees in our international tobacco business.</p>
<p>102-42 Identifying and selecting stakeholders</p>	<p>The basis for identifying and selecting stakeholders with whom to engage.</p> <p>Stakeholder engagement</p> <p>Integrated Report FY2019: >CFO message p.58</p> <p>Our initiatives for stakeholder engagement are described throughout the sustainability content. See explanation for 102-21 for more details.</p> <p>JT Corporate Governance Policy p.2~7 https://www.jt.com/about/corporate_governance/pdf/20190320_11.pdf </p>
<p>102-43 Approach to stakeholder engagement</p>	<p>The organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.</p> <p>Stakeholder engagement</p> <p>JT Corporate Governance Policy p.2~7 https://www.jt.com/about/corporate_governance/pdf/20190320_11.pdf </p>

GRI indicator	Disclosure
<p>102-44 Key topics and concerns raised</p>	<p>The organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.</p> <p>Stakeholder engagement</p> <p>Integrated Report FY2019: </p> <p>>Value creation p.12~18</p> <p>>Sustainability: Strategy p.38~41, Absolute requirements for sustainability p.66~83</p>

Reporting Practice



GRI indicator	Disclosure
<p>102-45 Entities included in the consolidated financial statements</p>	<p>JT Annual Securities Report FY2019: https://www.jti.co.jp/investors/others/12g3_2/index.html </p>
<p>102-46 Defining report content and topic boundaries</p>	<p>1 An explanation of the process for defining the report content and the topic boundaries.</p> <p>2 An explanation of how the organization has implemented the Reporting Principles for defining report content.</p> <p>JT Group Materiality Our sustainability strategy Scope of data and information presented</p>
<p>102-47 List of material topics</p>	<p>A list of the material topics identified in the process for defining report content.</p> <p>JT Group Materiality</p>
<p>102-48 Restatement of information</p>	<p>Sustainability Report FY2018 – Workplace health and safety data </p> <p>All of our health and safety data from 2015 to 2018 has been recalculated to reflect newly acquired businesses more effectively. For further information, see our Basis of Reporting.</p> <p>Number of fatalities of employees:</p> <ul style="list-style-type: none"> ■ FY2018 Report: 2 ■ Restated number: 1 ■ Our newly acquired Ethiopian business suffered an employee fatality in 2018. This case is excluded due to the above reason. <p>Number of fatalities of contractors:</p> <ul style="list-style-type: none"> ■ FY2018 Report: 1 ■ Restated number: 0 ■ Our newly acquired Ethiopian business suffered a contractor fatality in 2018. This case is excluded due to the above reason.

The vehicle accidents data has also been recalculated in order to include only those accidents that gave rise to a fatality or injury.

NUMBER OF VEHICLE ACCIDENTS

FY2015		FY2016	
Previously reported	Restated	Previously reported	Restated
1,108	1,122	1,294	1,151
FY2017		FY2018	
Previously reported	Restated	Previously reported	Restated
1,457	66	1,418	85



VEHICLE ACCIDENT RATE

GRI indicator	Disclosure			
	FY2015		FY2016	
	Previously reported	Restated	Previously reported	Restated
	4.8	4.84	4.4	3.87
	FY2017		FY2018	
	Previously reported	Restated	Previously reported	Restated
	5.2	0.23	3.5	0.21
	<p>GRI Index in 2018 403-9 Occupational disease rate(p38) </p> <p>The scope of occupational illness rate in 2018 is the whole JT Group, not JT and Japanese domestic group companies.</p> <p>Sustainability Report FY2018 – EU Seizures of tobacco products data (p72) </p> <p>Number of tobacco products seized in the EU as a result of JT Group information: In the FY2018 Sustainability Report, we reported FY2015 – FY2018 figures based on the number of products seized within a given year. As we are notified of seizures after they have taken place, considerable adjustments to historical figures are required at the time of publishing the Sustainability Report each year. To avoid this, for FY2019 Sustainability Reporting onwards, we will report the number of products seized based on the notifications received by the JT Group within a given year from law enforcement partners.</p>			
102-49 Changes in reporting	Significant changes from previous reporting periods in the list of material topics and topic boundaries. Not applicable			
102-50 Reporting period	About our reporting			

GRI indicator	Disclosure
102-51 Date of most recent report	
102-52 Reporting cycle	
102-53 Contact point for questions regarding the report	
102-54 Claims of reporting in accordance with the GRI Standards	
102-55 GRI content index	GRI Index
102-56 External assurance	About our reporting External verification

Topic-specific Standards Disclosures

Economic Performance

GRI indicator	Disclosure
<p>103-1 Management approach: Explanation of the material topic and its boundary</p>	<p>JT Group Materiality</p>
<p>103-2 Management approach: The management approach and its components</p>	<p>Tax practice</p>
<p>103-3 Management approach: Evaluation of the management approach</p>	<p>Integrated Report FY2019: </p> <ul style="list-style-type: none"> >Message from the CEO p.54 >Financial review p.92~99
<p>201-1 Direct economic value generated and distributed</p>	<p>Tax practice</p> <p>Integrated Report FY2019: </p> <ul style="list-style-type: none"> >Message from the CEO p.54 >Financial review p.92~99 >Improving our social impact p.71

GRI indicator	Disclosure	
	DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED	2019 (MILLION YEN)
	Revenue*	2,175,626
	Total employee benefits and wages	445,681
	Current income taxes	114,799
	Tobacco excise taxes	4,750,416
	Dividends	270,936
	Community investment	5,416
	* Excluding tobacco excise taxes and revenue from agent transactions.	

Market Presence

GRI indicator	Disclosure
<p>103-1 Management approach: Explanation of the material topic and its boundary</p>	<p>JT Group Materiality</p>
<p>103-2 Management approach: The management approach and its components</p>	<p>This is our standard operating procedure.</p>
<p>103-3 Management approach: Evaluation of the management approach</p>	
<p>202-1 Ratios of standard entry-level wage by gender compared to local minimum wage at significant locations of operation</p>	<p>Basis of Reporting</p>

GRI indicator	Disclosure		
	SIGNIFICANT OPERATIONS	RATIO OF STANDARD ENTRY-LEVEL WAGE TO LOCAL MINIMUM WAGE	
JT Tokyo HQ	Male	155.2%	
	Female	155.2%	
JTI Moscow	Male	229.6%	
	Female	229.6%	
JTI Trier	Male	144.3%	
	Female	144.3%	
JTI UK	Male	136.2%	
	Female	136.2%	

Indirect Economic Impacts




GRI indicator	Disclosure
<p>103-1 Management approach: Explanation of the material topic and its boundary</p>	<p>JT Group Materiality</p>
<p>103-2 Management approach: The management approach and its components</p>	<p>Building sustainable supply chains</p>
<p>103-3 Management approach: Evaluation of the management approach</p>	<p>Building sustainable supply chains</p>
<p>203-1 Development and impact of infrastructure investments and services supported</p>	<p>As part of our Global Leaf CAPEX projects, we invested 14.3 million U.S. dollars in infrastructure-related projects in Brazil, Malawi, Tanzania, U.S., and Zambia. In addition, we invested 1.645 million U.S. dollars in infrastructure-related projects in Brazil, Malawi, Tanzania and Zambia, as part of our Grower Support Programs.</p>
<p>203-2 Significant indirect economic impacts, including the extent of impacts</p>	<p>Building sustainable supply chains Tackling illegal trade</p>

Procurement Practices




GRI indicator	Disclosure
<p>103-1 Management approach: Explanation of the material topic and its boundary</p>	<p>JT Group Materiality</p>
<p>103-2 Management approach: The management approach and its components</p>	<p>Tobacco</p>
<p>103-3 Management approach: Evaluation of the management approach</p>	<p>Pharmaceuticals Processed food</p>
<p>204-1 Proportion of spending on local suppliers</p>	<p>We define local as the country of operation. Significant location is defined as any location with more than 5% of global spend.</p>

GRI indicator	Disclosure		
	SIGNIFICANT LOCATIONS	SUPPLIER TYPE	% OF LOCAL SPEND IN 2018
	Japan	Tobacco leaf and non-tobacco material suppliers	64
	Geneva HQ	Non-tobacco materials and other products and services suppliers	46
	Germany	Non-tobacco materials and other products and services suppliers	65
	Philippines	Non-tobacco materials and other products and services suppliers	58
	Russia	Non-tobacco materials and other products and services suppliers	96
	Taiwan	Non-tobacco materials and other products and services suppliers	48
	<p>The percentage of local suppliers of bulk drug substances to our pharmaceutical business is 0%. The percentage of local spend for Tier 1 suppliers of TableMark on its raw material sourcing is 100%.</p>		

Anti-corruption

GRI indicator	Disclosure
<p>103-1 Management approach: Explanation of the material topic and its boundary</p>	<p>JT Group Materiality</p> <p>Integrated Report FY2019: </p> <p>>Good governance and business standards p.74~89</p>
<p>103-2 Management approach: The management approach and its components</p>	<p>Integrated Report FY2019: </p> <p>>Good governance and business standards p.74~89</p>
<p>103-3 Management approach: Evaluation of the management approach</p>	<p>JT Group Anti-Bribery Policy https://www.jt.com/about/compliance/risk_management/pdf/anti_bribery_eng.pdf </p> <p>Anti-bribery and corruption</p>
<p>205-2 Communication and training on anti-corruption policies and procedures</p>	<p>Anti-bribery and corruption</p>

Anti-competitive Behavior

GRI indicator	Disclosure
<p>103-1 Management approach: Explanation of the material topic and its boundary</p>	<p>JT Group Materiality</p> <p>Integrated Report FY2019: </p> <p>>Good governance and business standards p.74~89</p>
<p>103-2 Management approach: The management approach and its components</p>	<p>JT Group Materiality</p> <p>Integrated Report FY2019: </p> <p>>Good governance and business standards p.74~89</p>
<p>103-3 Management approach: Evaluation of the management approach</p>	<p>Anti-competitive behavior</p> <p>Integrated Report FY2019: </p> <p>>Good governance and business standards p.74~89</p>
<p>206-1 Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes</p>	<p>In 2019, there were no legal actions for anti-competitive behavior, anti-trust, and monopoly practices that resulted in a significant fine for the JT Group, and no such legal actions that resulted in a penalty, or warning, with material impact for sustainability, taking into account the size of the JT Group.</p>

Energy

GRI indicator	Disclosure
<p>103-1 Management approach: Explanation of the material topic and its boundary</p>	<p>JT Group Materiality</p>
<p>103-2 Management approach: The management approach and its components</p>	
<p>103-3 Management approach: Evaluation of the management approach</p>	<p>Environment and our operations</p> <p>Basis of Reporting</p>
<p>302-1 Energy consumption within the organization</p>	

Water and Effluents

GRI indicator	Disclosure
<p>103-1 Management approach: Explanation of the material topic and its boundary</p>	<p>JT Group Materiality</p>
<p>103-2 Management approach: The management approach and its components</p>	
<p>103-3 Management approach: Evaluation of the management approach</p>	<p>Environment and our operations > Natural Resources > Water</p> <p>Basis of Reporting</p>
<p>303-1 Interactions with water as a shared resource</p>	
<p>303-2 Management of water discharge-related impacts</p>	
<p>303-3 Water withdrawal</p>	<p>Environmental data / External verification</p>
<p>303-4 Water discharge</p>	

Biodiversity

GRI indicator	Disclosure
<p>103-1 Management approach: Explanation of the material topic and its boundary</p>	<p>JT Group Materiality</p>
<p>103-2 Management approach: The management approach and its components</p>	<p>Environment and our operations</p>
<p>103-3 Management approach: Evaluation of the management approach</p>	<p>We approach biodiversity as a topic integrated into our responsible business operations.</p>
<p>304-2 Significant impacts of activities, products, and services on biodiversity</p>	<p>Environment and our operations</p> <p>Impacts on biodiversity can be observed directly or indirectly through activities such as:</p> <ul style="list-style-type: none"> >Crop production/land management e.g. promotion and adoption of good agricultural practices; land/soil use and conservation practices; the use and management of agricultural inputs such as crop protection agents and fertilizers, and the use and management of water resources >Wood use and forestry management e.g. tree planting, natural regeneration, avoided deforestation and forest remediation; and the use of wood for tobacco curing, domestic consumption, and construction materials for curing barns and other buildings >The building of new, or expansion of, buying stations, processing facilities, offices etc.

Emissions

GRI indicator	Disclosure
<p>103-1 Management approach: Explanation of the material topic and its boundary</p>	<p>JT Group Materiality</p>
<p>103-2 Management approach: The management approach and its components</p>	
<p>103-3 Management approach: Evaluation of the management approach</p>	
<p>305-1 Direct GHG emissions (Scope 1)</p>	<p>Environment and our operations > Energy and emissions</p> <p>Basis of Reporting</p>
<p>305-2 Energy indirect GHG emissions (Scope 2)</p>	
<p>305-3 Other indirect GHG emissions (Scope 3)</p>	
<p>305-5 Reduction of GHG emissions</p>	

Waste

GRI indicator	Disclosure
103-1 Management approach: Explanation of the material topic and its boundary	JT Group Materiality
103-2 Management approach: The management approach and its components	
103-3 Management approach: Evaluation of the management approach	Environment and our operations > Waste Basis of Reporting
306-2 Total weight of waste by type and disposal method	

Environmental Compliance

GRI indicator	Disclosure
<p>103-1 Management approach: Explanation of the material topic and its boundary</p>	<p>JT Group Materiality</p>
<p>103-2 Management approach: The management approach and its components</p>	<p>The JT Group Environment Policy</p>
<p>103-3 Management approach: Evaluation of the management approach</p>	
<p>307-1 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations</p>	<p>During 2019, there were no significant monetary fines or non-monetary sanctions for non-compliance with environmental laws and regulations.</p>

Supplier Environmental Assessment

GRI indicator	Disclosure
<p>103-1 Management approach: Explanation of the material topic and its boundary</p>	<p>JT Group Materiality</p>
<p>103-2 Management approach: The management approach and its components</p>	
<p>103-3 Management approach: Evaluation of the management approach</p>	
<p>308-1 Percentage of new suppliers that were screened using environmental criteria</p>	<p>Building sustainable supply chains</p>
<p>308-2 Significant actual and potential negative environmental impacts in the supply chain and actions taken</p>	

Employment

GRI indicator	Disclosure
<p>103-1 Management approach: Explanation of the material topic and its boundary</p>	<p>JT Group Materiality</p>
<p>103-2 Management approach: The management approach and its components</p>	<p>Talent attraction</p>
<p>103-3 Management approach: Evaluation of the management approach</p>	
<p>401-1 Total number and rates of new employee hires and employee turnover by age group, gender, and region</p>	<p>Basis of Reporting</p> <p>NEW EMPLOYEES' HIRE AND TURNOVER</p>

BY GENDER	MALE	FEMALE	TOTAL
Total number of new employees	3,157	1,302	4,459
New employee hire rate	8.6%	10.4%	9.1%
Total employee turnover	4,230	1,644	5,874
Employee turnover rate	11.5%	13.2%	12.0%

BY AGE	> 30	30–50	> 50	TOTAL
Total number of new employees (only in JT and JTI)	1,856	1,857	130	3,843
New employee hire rate (only in JT and JTI)	26.4%	7.2%	2.3%	10.0%
Total employee turnover*	1,533	3,230	1,097	5,860
Employee turnover rate*	17.9%	10.1%	12.9%	11.9%

* Some Japanese Group companies (Akros Pharma Inc., Fuji Foods, and Saint-Germain America) are excluded.

401-2
Benefits provided
to full-time

Basis of Reporting

At the end of 2019, significant locations included our JT head office in Tokyo, Japan, and our

employees that are not provided to temporary or part-time employees, by significant locations of operation

international tobacco business head office in Geneva, Switzerland.

Our international tobacco business, for instance, positions compensation levels in the 75th percentile against companies with which we compete for talent.

JT HEAD OFFICE IN TOKYO

BENEFITS	PERMANENT EMPLOYEES	TEMPORARY FULL-TIME EMPLOYEES		TEMPORARY PART-TIME EMPLOYEES
		COMMISSIONED PERSONNEL	CONTRACT EMPLOYEES*	
Bereaved family compensation program	Y			
Regular health examination	Y	Y	Y	Y
Medical leave system	Y	Y		
Parental leave	Y	Y	Y	Y
Retirement provision	Y			
Stock ownership	Y			

INTERNATIONAL TOBACCO BUSINESS HEAD OFFICE IN GENEVA

BENEFITS	PERMANENT EMPLOYEES	TEMPORARY FULL-TIME EMPLOYEES	TEMPORARY PART-TIME EMPLOYEES
Life insurance	Y	Y	Y (Prorated)
Healthcare	Y	Y	Y
Disability and invalidity coverage	Y	Y	Y (Prorated)
Parental leave	Y	Y	Y (Prorated)
Retirement provision	Y	Y	Y (Prorated)
Stock ownership	Y		

* Contract employees may be given benefits if they are exempt from Company regulations.

We also provide more benefits related to generational diversity and work-life balance to our employees. Regarding initiatives in our Japanese operations and international tobacco business, please see below.

Examples from our Japanese operations:

In JT we provide childcare and family care programs that allow employees to work in more flexible ways, and there are schemes in place that help employees to pay for nursery schools or care for elderly relatives. We also provide telework and early bird working schemes in the JT head office as part of a 'Work Style Reinvention' program aimed at determining whether flexible working routines can have a positive effect on employee effectiveness.

For more information, please visit <https://www.jti.co.jp/>  (Japanese)

Examples from our international tobacco business:

- Flexible working style

We allow employees to use flexible working hours and to enjoy remote working arrangements in some offices such as Geneva (JTI HQ), U.K., and Spain, workload permitting.

- Child care support

In the JTI HQ, employees are offered access to the Company-sponsored child care facility; in some offices (e.g. Spain, U.K.), we provide vouchers to employees with children in the form of flexible benefits arrangements, or as part of the local benefits package. Our paid maternity and paternity leave exceeds legal requirements (e.g. U.K.).




Labor/Management Relations

GRI indicator	Disclosure
<p>103-1 Management approach: Explanation of the material topic and its boundary</p>	<p>JT Group Materiality</p>
<p>103-2 Management approach: The management approach and its components</p>	<p>We comply fully within the framework of local law in our places of operation.</p>
<p>103-3 Management approach: Evaluation of the management approach</p>	
<p>402-1 Minimum notice periods regarding operational changes, including whether these are specified in collective agreements</p>	<p>About our reporting</p> <p>Basis of Reporting</p>

GRI indicator	Disclosure			
	<p>MINIMUM NOTICE PERIODS regarding operational changes</p>	<p>NUMBER OF MONTHS between the announcement and the time the first employee leaves the factory because of the closure</p>	<p>NUMBER OF MONTHS between the announcement and the final closure</p>	<p>MINIMUM NOTICE PERIOD FOR CONSULTATION AND NEGOTIATION : Is this minimum notice period specified in collective agreements?</p>
	Belgium	33 months	41 months	No
	Malaysia	2 months	8 months	Yes
	<p>In 2019, our international tobacco business refined the organizational structure and globally 3,720 employees will be affected by the organizational change over the next three years. However, during the same period 1,300 new positions will be created. Each employee was notified of the change in accordance with local labor laws.</p>			

Occupational Health and Safety

GRI indicator	Disclosure
<p>103-1 Management approach: Explanation of the material topic and its boundary</p>	<p>JT Group Materiality</p>
<p>103-2 Management approach: The management approach and its components</p>	<p>The JT Group health and safety</p>
<p>103-3 Management approach: Evaluation of the management approach</p>	<p>The JT Group health and safety</p>
<p>403-1 Occupational health and safety management system</p>	<p>The JT Group health and safety</p>
<p>403-2 Hazard identification, risk assessment, and incident investigation</p>	<p>The JT Group health and safety</p>

GRI indicator	Disclosure
<p>403-4 Worker participation, consultation, and communication on occupational health and safety</p>	
<p>403-5 Worker training on occupational health and safety</p>	<p>The JT Group health and safety</p>
<p>403-6 Promotion of worker health</p>	<p>The JT Group health and safety</p>
<p>403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships</p>	<p>Description of our approach to preventing and mitigating significant occupational health and safety impacts that are directly linked to business.</p> <p>Health and safety on the farm is essential to our business. Our Leaf Production Technicians work closely with our directly contracted growers to improve health and safety. We do so through our Agricultural Labor Practices (ALP) program. We apply the same standards when working with our leaf merchants.</p> <p>Exposure to hazardous substances and green tobacco sickness pose a particular risk to tobacco farming, so we take steps to prevent this through our ALP program. We also follow industry best practices set by CORESTA:</p> <p>No.17 – Sustainability in Leaf Tobacco Production  ,</p> <p>No. 19 - Responsible Use of Crop Protection Agents (CPAs) in Tobacco Leaf Production </p> <p>and</p> <p>No. 27 - Identification and Elimination of Highly Hazardous Pesticides (HHPs) in Leaf Tobacco Production </p>
<p>403-8 Workers covered by an occupational health and safety management system</p>	<p>Our occupational health and safety management system covers employees, supervised workers, and third-party contractors.</p>

GRI indicator	Disclosure
<p>403-9 Injury rate (IR), occupational disease rate (ODR), lost day rate (LDR), absentee rate (AR), and fatalities by region and by gender</p>	<p>The JT Group health and safety</p> <p>We don't disclose breakdown of health and safety data by gender as we do not have a significant difference in results between men and women in the workforce.</p> <p>In 2019, we revised our KPIs and we expanded the scope of our reporting to lost-time injuries, occupational illness cases, and recordable injuries.</p> <p>In JT, absenteeism in 2019 was reported as 0.60.</p>
<p>403-10 Work-related ill health</p>	<p>The JT Group health and safety</p>

Training and Education

GRI indicator	Disclosure
<p>103-1 Management approach: Explanation of the material topic and its boundary</p>	<p>JT Group Materiality</p>
<p>103-2 Management approach: The management approach and its components</p>	<p>Talent development</p>
<p>103-3 Management approach: Evaluation of the management approach</p>	<p>Talent development</p>
<p>404-2 Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings</p>	<p>Talent development</p>

404-3

Percentage of employees receiving regular performance and career development reviews, by gender and by employee category

PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS

BY GENDER	2018	BY EMPLOYEE CATEGORY ^{*D}	2018
Male	86.0%	Executive Officers	100%
Female	82.4%	Management (excluding Executive Officers)	89.2%
		Employees (excluding management)	82.9%

We have reported on the 2018 performance appraisal data because the information for 2019 is currently being analyzed. Employees who did the appraisal on paper are excluded in the scope as we cannot track their data by our HR system.

Diversity and Equal Opportunity

GRI indicator	Disclosure																
<p>103-1 Management approach: Explanation of the material topic and its boundary</p>	<p>JT Group Materiality</p>																
<p>103-2 Management approach: The management approach and its components</p>	<p>Diversity and inclusion</p>																
<p>103-3 Management approach: Evaluation of the management approach</p>	<p>Diversity and inclusion</p>																
<p>405-1 Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity</p>	<p style="text-align: center;">BREAKDOWN OF EMPLOYEES BY GENDER AND AGE GROUP (Except Executive Officers)</p> <table border="1" data-bbox="483 1476 1417 1955"> <thead> <tr> <th data-bbox="483 1476 857 1593">AGE GROUP</th> <th data-bbox="862 1476 1045 1593">MALE</th> <th data-bbox="1050 1476 1234 1593">FEMALE</th> <th data-bbox="1239 1476 1417 1593">TOTAL</th> </tr> </thead> <tbody> <tr> <td data-bbox="483 1600 857 1717">Under 30</td> <td data-bbox="862 1600 1045 1717">5,868</td> <td data-bbox="1050 1600 1234 1717">2,719</td> <td data-bbox="1239 1600 1417 1717">8,587</td> </tr> <tr> <td data-bbox="483 1724 857 1841">30–50</td> <td data-bbox="862 1724 1045 1841">23,941</td> <td data-bbox="1050 1724 1234 1841">7,994</td> <td data-bbox="1239 1724 1417 1841">31,935</td> </tr> <tr> <td data-bbox="483 1848 857 1965">Over 50</td> <td data-bbox="862 1848 1045 1965">6,726</td> <td data-bbox="1050 1848 1234 1965">1,739</td> <td data-bbox="1239 1848 1417 1965">8,465</td> </tr> </tbody> </table>	AGE GROUP	MALE	FEMALE	TOTAL	Under 30	5,868	2,719	8,587	30–50	23,941	7,994	31,935	Over 50	6,726	1,739	8,465
AGE GROUP	MALE	FEMALE	TOTAL														
Under 30	5,868	2,719	8,587														
30–50	23,941	7,994	31,935														
Over 50	6,726	1,739	8,465														

Akros Pharma Inc., Fuji Foods, and Saint-Germain America are excluded from the data by age group.

EMPLOYEES BY POSITION AND GENDER AT THE END OF 2019

POSITIONS	MALE	FEMALE	TOTAL
Executive Officer	97.0%	3.0%	67
Management (excluding Executive Officers) *	85.4%	14.6%	3,416
Employees (excluding Executive Officers and Management)	73.8%	26.2%	45,663

* Management is defined as persons in positions of supervision or management according to national legislation in Japan and in our international tobacco business, the Vice President and Director-level employees are categorized as Management.

EXECUTIVE OFFICERS BY POSITION AND GENDER AT THE END OF 2019


GRI indicator	Disclosure			
	AGE GROUP	MALE	FEMALE	TOTAL
	Under 30	0	0	0
	30–50	6	0	6
	Over 50	57	2	59

This data does not include 3 executives in our Japanese domestic Group companies, as we do not ask employees their age.


<p>405-2 Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation</p>	<p>Basis of Reporting</p>
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GRI indicator	Disclosure		
	SIGNIFICANT OPERATIONS	EMPLOYEE CATEGORY	RATIO OF ANNUAL BASE SALARY OF WOMEN TO MEN
	JTI Geneva HQ	Vice President	91.1%
		Director	98.5%
		Manager	93.6%
		Associate	101.0%
	JT Tokyo HQ	Executive Officer	90.6%
		Management	96.6%
		Employee	98.6%
	JTI UK	Director	105.0%
		Manager	94.1%
		Associate	89.4%

Non-discrimination

GRI indicator	Disclosure
<p>103-3 Management approach: Evaluation of the management approach</p>	<p>Integrated Report FY2019: </p> <p>>Good governance and business standards p.74~89</p> <p>Our Codes of Conduct</p> <p>Diversity and inclusion</p> <p>Basis of Reporting</p>
<p>406-1 Total number of incidents of discrimination and corrective actions taken</p>	<p>Our Codes of Conduct</p> <p>Diversity and inclusion</p> <p>Basis of Reporting</p> <p>In 2019, six alleged cases of workplace discrimination were reported. One of the six was proven as a violation of our Codes of Conduct, and we took appropriate corrective action.</p>

Freedom of Association and Collective Bargaining

GRI indicator	Disclosure
<p>103-1 Management approach: Explanation of the material topic and its boundary</p>	<p>JT Group Materiality</p>
<p>103-2 Management approach: The management approach and its components</p>	<p>Agricultural Labor Practices booklet: https://www.jti.com/sites/default/files/global-files/documents/related-documents/jti_ALP_booklet2017_view_doublepage.pdf </p>
<p>103-3 Management approach: Evaluation of the management approach</p>	<p>Building sustainable supply chains</p>
<p>407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk</p>	<p>Agricultural Labor Practices and Leaf Supply Chain Due Diligence</p> <p>The right to exercise freedom of association and collective bargaining is at significant risk in a number of countries where we directly or indirectly source tobacco leaf. We assess and mitigate those risks through our Leaf Supply Chain Due Diligence, which includes our Agricultural Labor Practices program.</p>

Child Labor

GRI indicator	Disclosure
<p>103-1 Management approach: Explanation of the material topic and its boundary</p>	<p>JT Group Materiality</p>
<p>103-2 Management approach: The management approach and its components</p>	<p>Building sustainable supply chains</p> <p>Agricultural Labor Practices and leaf supply chain due diligence</p> <p>JTI website: https://www.jti.com/our-views/arise-ending-child-labor-through-education-and-opportunity</p>
<p>103-3 Management approach: Evaluation of the management approach</p>	<p>ARISE website: http://ariseprogram.org/en</p> <p>Agricultural Labor Practices booklet: https://www.jti.com/sites/default/files/global-files/documents/related-documents/jti_ALP_booklet2017_view_doublepage.pdf</p>
<p>408-1 Operations and suppliers at significant risk for incidents of child labor</p>	<p>Building sustainable supply chains</p> <p>Agricultural Labor Practices and leaf supply chain due diligence</p> <p>JTI website: https://www.jti.com/our-views/arise-ending-child-labor-through-education-and-opportunity</p> <p>ARISE website: http://ariseprogram.org/en</p> <p>Operations and suppliers having significant risk for incidents of child labor have been identified in a number of countries where we directly or indirectly source tobacco leaf. We assess and mitigate those risks through our Leaf Supply Chain Due Diligence, which includes the Agricultural Labor Practices program, the ARISE program – Achieving Reduction of Child Labor in Support of Education, the Grower Support Programs and Good Agricultural Practices, as well as communication and training, and the Eliminating Child Labor in Tobacco-Growing (ECLT) Foundation.</p>

Forced or Compulsory Labor

GRI indicator	Disclosure
<p>103-1 Management approach: Explanation of the material topic and its boundary</p>	<p>JT Group Materiality</p>
<p>103-2 Management approach: The management approach and its components</p>	<p>Building sustainable supply chains</p> <p>JTI website: https://www.jti.com/our-views/arise-ending-child-labor-through-education-and-opportunity</p>
<p>103-3 Management approach: Evaluation of the management approach</p>	<p>Agricultural Labor Practices booklet: https://www.jti.com/sites/default/files/global-files/documents/related-documents/jti_ALP_booklet2017_view_doublepage.pdf</p>
<p>409-1 Suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor</p>	<p>Supplier Screening</p> <p>Respecting human rights</p>

Human Rights Assessment

GRI indicator	Disclosure
<p>103-1 Management approach: Explanation of the material topic and its boundary</p>	<p>JT Group Materiality</p>
<p>103-2 Management approach: The management approach and its components</p>	<p>Respecting human rights</p>
<p>103-3 Management approach: Evaluation of the management approach</p>	<p>Respecting human rights</p>
<p>412-1 Total number and percentage of operations that have been subject to human rights reviews or impact assessments</p>	<p>We have been carrying out human rights due diligence in Japan since 2016, which covered our Japanese domestic tobacco, pharmaceutical and processed food businesses. These businesses in total represent 41% of our Group's consolidated revenue.</p> <p>Since 2018, we have also conducted human rights assessments in nine high-risk markets in our international tobacco business. A further two high risk markets were subject to a human rights self-assessment questionnaire.</p>
<p>412-2 Employee training on human rights policies or procedures</p>	<p>Respecting human rights</p>

GRI indicator	Disclosure
<p>412-3 Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening</p>	<p>In 2018, we implemented a formal process for 100% of all significant investment agreements and new acquisitions covering human rights, by updating our Business Development Risk Assessment Protocol to include pre-acquisition human rights screening.</p>

Local Communities

GRI indicator	Disclosure
<p>103-1 Management approach: Explanation of the material topic and its boundary</p>	<p>JT Group Materiality</p>
<p>103-2 Management approach: The management approach and its components</p>	<p>Community investment</p>
<p>103-3 Management approach: Evaluation of the management approach</p>	<p>Improving our social impact</p>
<p>413-1 Percentage of operations with implemented local community engagement, impact assessments, and development programs</p>	<p>Basis of Reporting</p> <p>Corporate community investment programs: We have corporate community investment projects implemented in 86% of the countries where we operate. There are 68 countries in which we have corporate community investment projects.</p> <p>ARISE and Grower Support Programs (GSPs): In addition to our corporate community investment programs, we also have ARISE and GSPs in Brazil, Malawi, Tanzania, and Zambia.</p>

Supplier Social Assessment

GRI indicator	Disclosure
<p>103-1 Management approach: Explanation of the material topic and its boundary</p>	<p>JT Group Materiality</p>
<p>103-2 Management approach: The management approach and its components</p>	
<p>103-3 Management approach: Evaluation of the management approach</p>	
<p>414-1 Percentage of new suppliers that were screened using social criteria (or provide a statement describing future plans)</p>	<p>Building sustainable supply chains</p>
<p>414-2 Negative social impacts in the supply chain and actions taken)</p>	

Public Policy

GRI indicator	Disclosure
<p>103-1 Management approach: Explanation of the material topic and its boundary</p>	<p>JT Group Materiality</p>
<p>103-2 Management approach: The management approach and its components</p>	<p>Optimizing the regulatory environment</p>
<p>103-3 Management approach: Evaluation of the management approach</p>	<p>Optimizing the regulatory environment</p>
<p>415-1 Total value of political contributions by country and recipient/beneficiary</p>	<p>In compliance with Political Funds Control Laws in Japan, JT refrains from making political contributions. None of JT's subsidiaries made political contributions in any jurisdiction in 2019, except a non-tobacco subsidiary in Japan, which made a political contribution that amounted to low-single-digit million Yen, at its own discretion, in compliance with all relevant Japanese laws.</p>

Customer Health and Safety

GRI indicator	Disclosure
<p>103-1 Management approach: Explanation of the material topic and its boundary</p>	<p>JT Group Materiality</p>
<p>103-2 Management approach: The management approach and its components</p>	<p>Exceeding expectations with products and services Pharmaceuticals Processed food</p>
<p>103-3 Management approach: Evaluation of the management approach</p>	<p>Exceeding expectations with products and services Pharmaceuticals Processed food</p>
<p>416-1 Percentage of significant product and service categories for which health and safety impacts are assessed for improvement</p>	<p>Exceeding expectations with products and services Pharmaceuticals Processed food</p> <p>Health and safety impacts in our tobacco business, pharmaceutical business, and processed food business are fully (100%) assessed for improvement, with the exception of some of our most recent tobacco business acquisitions, where assessments are ongoing.</p>



GRI indicator	Disclosure
<p>416-2 Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes</p>	<p>During 2019, there were no incidents of non-compliance with regulations or voluntary codes concerning the health and safety impacts of products and services during their life cycle that resulted in a significant fine for the JT Group, and no such incidents that resulted in a penalty, or warning, with material impact for sustainability, taking into account the size of the JT Group.</p>

Marketing and Labeling

GRI indicator	Disclosure
<p>103-1 Management approach: Explanation of the material topic and its boundary</p>	<p>JT Group Materiality</p>
<p>103-2 Management approach: The management approach and its components</p>	<p>Tobacco Pharmaceuticals Processed food</p>
<p>103-3 Management approach: Evaluation of the management approach</p>	<p>Tobacco Pharmaceuticals Processed food</p>
<p>417-2 Total number of incidents of non-compliance with regulations and/or voluntary codes concerning product and service information and labeling</p>	<p>During 2019, there were no incidents of non-compliance with regulations or voluntary codes concerning product and service information, or labeling that resulted in a significant fine for the JT Group, and no such incidents that resulted in a penalty, or warning, with material impact for sustainability, taking into account the size of the JT Group. No issues were found against our voluntary code, our Global Marketing Principles.</p>

GRI indicator	Disclosure
<p>417-3 Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes</p>	<p>During 2019, there were no incidents of non-compliance with regulations or voluntary codes concerning marketing communications, including advertising, promotion and sponsorship that resulted in a significant fine for the JT Group, and no such incidents that resulted in a penalty or warning with material impact for sustainability, taking into account the size of the JT Group. No issues were found against our voluntary code, our Global Marketing Principles.</p>

Socioeconomic Compliance

GRI indicator	Disclosure
<p>103-1 Management approach: Explanation of the material topic and its boundary</p>	<p>JT Group Materiality</p> <p>Integrated Report FY2019: </p> <p>>Good governance and business standards p.74~89</p>
<p>103-2 Management approach: The management approach and its components</p>	<p>Our Codes of Conduct</p>
<p>103-3 Management approach: Evaluation of the management approach</p>	<p>Integrated Report FY2019: </p> <p>>Good governance and business standards p.74~89</p>
<p>419-1 Significant fines and non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area</p>	<p>During 2019, there were no significant fines or non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area.</p>

About our reporting

Our referenced guidelines(GRI), notes on data (BoR), and scope of our data (*A-E).

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[Global Reporting Initiative \(GRI\) Index](#)

[Basis of Reporting](#)

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