

About this report

This is the JT Group's tenth report providing detail on our sustainability-related policies and activities. We report on our sustainability activities and performance annually, and this is the first year that we have titled our report as a 'Sustainability Report'. Our previous report, titled 'JT Group CSR Report 2013', was published in June 2013.

This report follows the reporting principles of the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines; however, our reporting is not yet in accordance with the GRI G4 Guidelines. We have defined the content of this report using a materiality assessment in our international tobacco business, and peer benchmarking and an internal prioritization exercise in our other Group businesses.

The reporting period for this report is based on the JT Group's financial year, running from April 1, 2013 to March 31, 2014. The financial year of our international tobacco business matches the calendar year (from January 1 to December 31, 2013) and is consolidated within this report. See 'Notes on data' below for more information on our data reporting for these two periods.

The JT Group is transitioning towards calendar year reporting, and as part of this process, our 2014 financial year will run from April 1 to December 31, 2014 (a nine-month financial year). Our 2015 financial year will run from January 1 to December 31, 2015.

In this report, the terms CSR and sustainability have the same meaning.

Changes in structure, size, or ownership

There are no significant changes to the size or structure of the JT Group within the reporting period of this report.

In October 2013, we announced that we will close some tobacco-related factories in Japan in 2015. In December 2013, we also announced the acquisition of a minority stake in a leading Russian tobacco distributor. Please see www.jt.com for press releases related to these announcements.

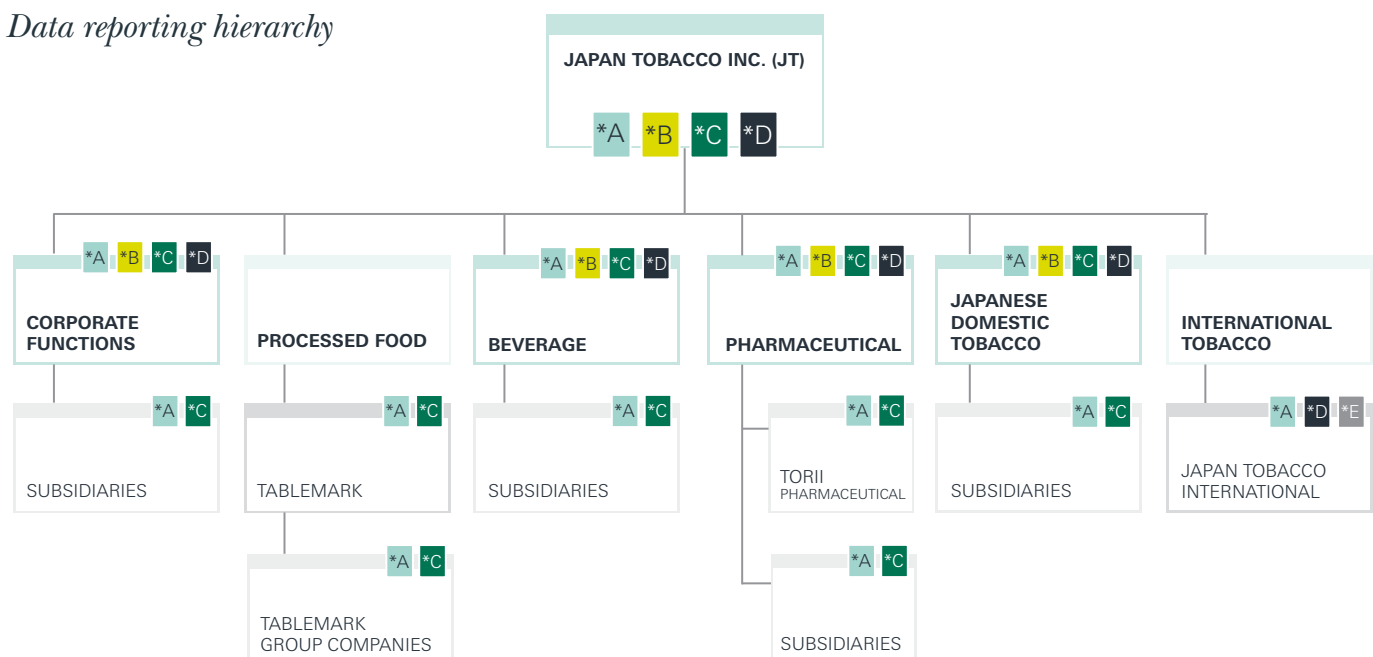
Notes on data

Due to the different financial reporting periods for the JT Group operations in Japan (April to March) and our international tobacco business (January to December), the data reported in this report varies depending on the level of coverage and completeness of our data sets.

With the change in the JT Group accounting period from financial to calendar year from the end of 2014 onwards, our data reporting will become more uniform across the business in future reports.

In this report, January – December Japanese Yen exchange rates against U.S. Dollar are: ¥79.80 (2011), ¥79.81 (2012) and ¥97.73 (2013).

Data reporting hierarchy



- *A =the entire JT Group
- *B =solely Japan Tobacco Inc. (JT)
- *C =Japan Tobacco Inc. (JT) and Japanese domestic group companies
- *D =Japan Tobacco Inc. (JT) and Japan Tobacco International (JTI)
- *E =solely Japan Tobacco International (JTI)

GHG data measurement

We measure our GHG emissions across our value chain following the WRI/WBCSD GHG Protocol, an international guideline for calculating GHG emissions. Under the GHG Protocol, three Scopes have been set to calculate and report on GHG emissions:

- Scope 1: All direct GHG emissions from corporate activities, such as burning of fossil fuels at factories
- Scope 2: Indirect GHG emissions from consumption of purchased electricity, heat, or steam
- Scope 3: Other indirect emissions (divided into 15 categories). This includes the extraction and production of purchased materials and fuels, transport in vehicles not owned or controlled by the reporting entity, electricity-related activities not covered in Scope 2, outsourced activities, waste disposal, and more

Conversion factors

For the purposes of GHG reporting, in Japan we use conversion factors set by the Japanese Act on the Promotion of Global Warming Countermeasures, 2009. In our international businesses, we use conversion factors set by the International Energy Agency for 2009.

External verification and assurance

This Sustainability Report is not externally assured this year. Some of the data in this report is externally verified. This includes Group-wide Scope 1 and 2 GHG data and some Scope 3 GHG data. Verified Scope 3 emissions include non-tobacco materials purchased by the Japanese domestic tobacco business, tobacco leaf for both Japanese domestic and international tobacco businesses, and employee travel for our international tobacco business.

Other publications

Websites

Japan Tobacco Inc. (global site): www.jt.com

Japan Tobacco International (international tobacco business): www.jti.com

Torii Pharmaceutical Co., Ltd. (pharmaceutical subsidiary): www.torii.co.jp/en

TableMark Co., Ltd. (processed food subsidiary): www.tablemark.co.jp (in Japanese)

Publications

JT Annual Report: www.jt.com/investors

CSR Communication Book (only in Japanese): www.jti.co.jp/csr/report/index.html

Awards and recognition

Awards

Tokyo Stock Exchange Corporate Activity Award:

www.tse.or.jp/english/news/07/b7gje6000001qpbv-att/b7gje6000001qpon.pdf

Sustainability indices

The JT Group is a member of the Morningstar Socially Responsible Investment Index (MS-SRI) (www.morningstar.co.jp/sri, in Japanese).

Contacts and feedback

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