

CSO interview

“We will strive further by creating and providing values unique to the JT Group. We wish to continue our journey to achieve sustainable growth, together with our stakeholders, local communities and the society that we are a part of.”



Hisato Imokawa

Senior Vice President, Chief Sustainability Officer

Q Tell us about sustainability highlights for 2022.

2022 continued to be a year of high uncertainty due to changes brought to our society and consumer behavior from COVID-19, unstable international political relations due to the Russia-Ukraine war, and global inflation. As the war triggered rising energy prices, concerns were initially voiced that initiatives for climate change or investment in ESG might slow down. However, 2022 was a year in which we continued to see the importance and momentum of sustainable growth through coexistence between society and corporate organizations. Additionally, more than ever before, corporate organizations are required not only to show a conventional business plan, but to present to stakeholders and to society a comprehensive plan that integrates financial and non-financial aspects with sustainability perspectives.

At the Group level, we set out our new Group Purpose “Fulfilling Moments, Enriching Life” and communicated this alongside the 2022 full-year announcement. The new purpose embeds our wish to continue to grow together with society with awareness for enriching life. Furthermore, 2022 was the first year in which we integrated the operating structure of our tobacco businesses into a single business. This integration progressed steadily throughout the year.

As for the JT Group’s sustainability initiatives, we worked on updating our materiality and we have disclosed the new Group materiality in this report. To further drive our sustainability efforts, we updated the JT Group Environment Plan

2030 at the beginning of 2022. Our Greenhouse Gas (GHG) reduction targets have evolved into a more ambitious plan, as we aim to reduce GHG emissions throughout the value chain by 2050 to Net-Zero.

The Group’s sustainable growth depends on co-existing with the society. We have extended various forms of aid to support local communities around the world. We provided support for the recent earthquake in Turkey. As for the Russia-Ukraine war, we will continue to give priority to the safety of our employees and their families, while providing as much support as possible to the people facing difficulties in Ukraine.

Q Please tell us about your new materiality in comparison to the original materiality.

When we first performed the materiality assessment in 2015, the awareness for ‘sustainability’ was very different. As this was our first attempt, there were trials and errors. So, perhaps the voices from our business side were not given a sufficiently full hearing. This time, we were conscious of connecting business strategy and sustainability, and we paid attention to incorporating business-driven issues. We also gave thorough consideration to the uniqueness of our Group. We have recently announced the JT Group Purpose and we are at a turning point in terms of how we do business. With these factors borne in mind, our materiality was thoroughly and comprehensively checked and updated.

Since we first set out our materiality, we have seen major changes in the business environment and social conditions

surrounding our Group. We have therefore updated our materiality by always paying attention to our relationship with the society which we are part of, and by listening even more closely to the opinions of our stakeholders. It’s not that all topics were replaced but rather, some topics have developed into several specific issues, while others have evolved into more advanced topics. Or, as we worked on the topics and rolled out our initiatives, the positions on the matrix have changed, as the initiatives yielded results. These were rearranged as materiality topics.

Q Could you tell us about the JT Group Materiality that you have identified from the new materiality matrix?

All topics are important, so we have repeatedly considered what sort of priority should be given and what should be the most important issues for the JT Group. The importance of one specific topic can be identified by making a relative comparison with others. But it is also true that one topic on its own cannot cover the underlying importance of a larger issue. The environment, society, and the life of each individual are all intricately connected within the same ecosystem. Rather than simply identifying topic by topic, we decided to specify five big groups of issues which are closely connected. It may be a small thing, but this way of identifying materiality also represents the uniqueness of our Group. We checked and rechecked the issues one by one to establish whether they are unique to the JT Group. We also examined whether our initiatives for the issues would be unique to our Group. Bearing these in mind, we have shown our commitment for all the topics materiality identified.

Furthermore, there is a common theme that is relevant to all the five topics of materiality. In my opinion, this is “people come first”, be it human rights, the environment or the wider society. People, the environment and the wider society are all interconnected and we should respect them all. Our materiality is based on this premise. Please view our materiality with these thoughts in mind.

Q Please tell us about the outlook for 2023 and the sustainability challenges ahead.

The key process of incorporating the new materiality into our strategy, formulating specific initiatives, and setting goals and targets will follow. At the Group level, we will continue to monitor and promote the JT Group Environment Plan 2030. We will also continue to engage with our stakeholders, further develop human rights due diligence, and contribute to our local communities with a view to gaining insight into matters relating to social capital. Furthermore, in terms of sustainability initiatives for each business of the Group, we will support our business functions in promoting initiatives, setting goals, monitoring, and reporting on progress.

The wave of regulation for sustainability disclosure which started in Europe is evolving into a global movement. Regulations governing the disclosure of sustainability information are being considered in Europe, the United States, and Japan, and preparations are under way for their enforcement. For example, in Japan, the focus of disclosure regulations is on “climate change” for environmental issues and “human capital” for social issues—both topics are among the five topics of materiality that we have identified this time. We believe that diversity of people is a source of our competitiveness, and we will strive to foster a corporate culture that embeds and respects diversity. As for improving our impact on the environment, we will not only work on existing initiatives concerned with climate change, with preserving natural resources, or with providing sustainable products; we will also keep an eye on upcoming topics such as biodiversity.

We are entering an era in which it is necessary for everyone to accumulate knowledge and track records in sustainability, be it those who develop frameworks, those who evaluate, or those who are evaluated. We will strive further by creating and providing values unique to the JT Group, and continue our journey to achieve sustainable growth. We want to do this together with our stakeholders and local communities and the society that we are a part of.