Dear Colleague,

Welcome to JTI. I am delighted that you have chosen to join such an exciting and in many ways unique company.

You are now part of an organization of 40,000 employees, from 110 nationalities and working across 77 countries (1). Since our creation in 1999, significant changes have turned us into a genuinely international company. We are extremely proud of our rich heritage and diverse workforce, which is key to ensure long-term success of the Company, driving innovation and creativity. Each country and person in our network has an important part to play in our continued success. It is why we strongly encourage every individual to bring fresh ideas, challenge the status quo and perform at their best.

Employees are our single biggest investors and I am confident that by nurturing them and re-investing in their development, we can continue to grow and expand our business. With the help of your manager, we will support your aspirations with continuous training and career development opportunities around the world. You will soon discover that we challenge each other in everything we do, every day but that ultimately, your ambition, innovation and your loyalty will be rewarded.

This induction guide will help you to settle into your new role and allow you to discover who we are, what we do and how we do it. As well as giving headline facts and figures about our business, our brands and our structure, you’ll learn more about the principles that steer us. Don’t worry if the guide doesn’t answer all your questions; help is always at hand – so feel free to ask.

One thing you’ll discover about JTI is that people enjoy working together and supporting each other. We are one team.

I wish you an enjoyable, rewarding and long-lasting career with JTI.

Howard Parks
Senior Vice President, Human Resources

---

Table of contents

Introduction
- JTI today
  - JTI milestones
  - JTI facts and figures
- JTI history
- Brands and products
  - Our brands are the signatures of success
  - Flagship Brands
  - Roll Your Own and Make Your Own (RYO/MYO)
  - Other Tobacco Products (OTP)
  - Reduced-Risk Products
  - The story from seed to pack
- Fundamentals
  - A company with a clear vision
  - Our values
  - Employee experience at JTI
  - Core behaviors
  - 4S management principle
  - Our strategies
  - Our sustainability efforts
  - Our core principles

Leading
- Our leadership
- Governing the business

Functions
- A structure that works
- Marketing & Sales
- Global Supply Chain
- Human Resources
- Finance
- Legal & Regulatory Affairs
- Information Technology
- Research & Development
- Corporate Strategy
- Reduced-Risk Products
- Business Development
- Corporate Development

Going forward

---

(1) Numbers correct as of December 2017
JTI milestones

Our brand heritage goes back to the 18th century. However, we are a relatively young company in the global tobacco industry, where east meets west and experience supports innovation.

Where we come from

Our company was formed in 1999 when Japan Tobacco Inc. purchased the international tobacco operations of the US multinational R.J. Reynolds for USD 7.8 billion, creating a new company: JTI – Japan Tobacco International.

A major acquisition

In 2007, Gallaher, a FTSE 100 business, was acquired by Japan Tobacco Inc. for GBP 9.4 billion, doubling our combined employee population. At the time, this was the largest foreign acquisition by a Japanese company.

Flagship Brands

In 2007, JTI launched its new Flagship Brand portfolio, with a key focus on investment in brand equity, product quality and geographical coverage.

Closer to industry roots

In 2009, the JT Group acquired part of the worldwide business of Tribac Leaf Limited (a company that trades tobacco in Africa) as well as the two Brazilian companies active in the tobacco business, Kannenberg (a tobacco producer) and KBH&C (a company that processes and sells Kannenberg products); it also set up a joint venture with two leaf suppliers in the US (Hail & Cotton Inc and JEB International). These acquisitions reflected the strategic importance of ensuring adequate supplies of high-quality leaf products to support the Company’s business growth ambitions.

Broadening our earnings base

Since 2009, we have regularly broadened our earnings base to ensure future sustainable growth through organic expansion and acquisitions. These acquisitions were performed both in the traditional combustible area and Reduced-Risk Products category. And we will continue to do so to reach our ambition to be the #1 international tobacco company.

JTI facts and figures

Japan Tobacco International (JTI) is a member of the Japan Tobacco Group of Companies (JT), a leading international tobacco manufacturer. JTI's headquarters are located in Geneva, Switzerland.

Our numbers at the end of 2017

• JTI employs approximately 40,000 people in 77 countries.
• JTI has 400 offices, 27 factories, 5 R&D centers and 5 tobacco processing facilities around the world.
• Our products are distributed in 130 countries.
• JTI is a true multinational company, with more than 110 nationalities globally, 69 nationalities in the Geneva headquarters, and 12 nationalities among our 16 Executive Committee members.
• JTI sold 398.5 billion cigarette equivalent units2 and generated USD 10,498 million in core revenue(2) on a reported basis or USD 10,457 million at constant currency.

• Adjusted operating profit3 at constant currency reached USD 3,219 million, growing by 4% vs the previous year.
• On a reported basis, adjusted operating profit grew 1.4% to USD 3,138 million due to currency fluctuations.

• Since 2009, we have reduced our environmental impact by cutting emissions of CO2 by 15%, reducing energy consumption by 8%, reducing water consumption by 6% and reducing waste by 24%.
• We have reduced injury rates across JTI manufacturing and market operations by 24%4 and are committed to providing a safe workplace for our employees.
• We are the profit growth engine of the Japan Tobacco Group, and generated 81% of the Group’s volume and 60% of its adjusted operating profit in 2017.

---

2 Including fine cut, ligat, pipe tobacco and snus but excluding waterpipe tobacco and Reduced-Risk Products as well as contract manufactured products.
3 Including revenue from waterpipe tobacco and Reduced-Risk Products, but excluding revenue from distribution, contract manufacturing and other peripheral businesses.
4 Adjusted operating profit = operating profit + amortization cost of acquired intangibles + adjustment items (income and costs)*
5 Emissions of CO2, associated with our operations– for example, resulting from the use of electricity or fuels in our offices, factories and vehicles.
6 Includes energy, gases and non-renewable sources, for example, electricity, gas, fuel and diesel.
7 Lost Time Injury Rate series 2016
8 Adjustment bona fide costs and costs - impairment losses on goodwill - restructuring costs and losses of others.
JTI was formed in 1999 but our tobacco experience and rich heritage dates back to the 18th century.

Timeline

1784: Austria Tabak is founded by Emperor Joseph II

1842: Kremenchuk factory is founded

1852: Uritsky factory founded (future “Petro” factory)

1858: Sir William Macdonald established ‘McDonald Brothers & Co.’ in Montreal, Canada

1874: Kremenchuk factory is founded

1879: Sobranie is registered in London, to become one of the oldest cigarette brands in the world

1891: The Moscow-based Ducat factory is founded

1898: The Japanese Monopoly Bureau is established for the sale of domestic leaf tobacco

1913: Camel launched

1949: The Monopoly Bureau is incorporated as the Japan Tobacco and Salt Public Corporation

1954: Winston launched

1955: Benson & Hedges is acquired by Gallaher

1956: Silk Cut launched

1959: R.J. Reynolds Tobacco Company is founded

1964: Silk Cut launched

1977: Mild Seven launched (Japan)

1981: Mild Seven launched internationally

1985: Japan Tobacco Inc is established. The government monopoly is abolished

1992: Acquisition of “AS-Petro” (Russia)

1993: Acquisition of Kremenchuk (Ukraine)

1994: Acquisition of Yelets (Russia)

1995: Acquisition of CRES Neva Ltd. (Russia)

1996: Acquisition of Tanzanian tobacco production facility

1999: JT acquires non-U.S. operations of R.J. Reynolds

2000: Acquisition of “Petro” (Russia)

2001: Gallaher acquires Austria Tabak

2002: Acquisition of Monsewitz Tobacco Company Ltd in the UK

2003: Acquisition of Don’t Be (Korea)

2005: Glamour launched (Russia, Ukraine, Kazakhstan)

2006: Acquisition of ADDuvanska Industrija Senta in Serbia

2007: Acquisition of Gallaher, a FTSE 100 business

2009: Acquisition of Tribac, Kannenberg and KBH&C leaf sourcing businesses and set up of joint venture with Hail & Cotton and JDK International

2011: Acquisition of Haggar Cigarette & Tobacco Factory Ltd in Sudan

2012: Acquisition of Gryson NV (a leading roll your own, make your own European tobacco company)

2013: Renaming of Mild Seven to Mevius

2014: E-Lites, the UK’s most popular e-cigarette brand, is acquired

2015: Worldwide rights to commercialize Ploom-branded tobacco pods and vaporization devices are acquired

2016: Acquisition of 40% shares of National Tobacco Enterprise Ethiopia S.C, the Ethiopian state tobacco company

2017: Acquisition of BIS Overseas Bolivia S.R.L., the second largest tobacco-specific distributor in the market

2018: Acquisition of 30% share of Reflotol Tobacco Enterprise (Eritrea) E.C., the Eritrean state tobacco company

2019: Purchase of a 50% stake in La Tabacalera in the Dominican Republic

2019: The international business of Natural American Spirit, a leading premium additive-free, whole leaf and organic brand, is acquired

2020: Additional share purchase from the Ethiopian government of approximately 30% of the total shares in National Tobacco Enterprises, bringing our overall ownership to over 70%

JTI history

1956: Silk Cut launched

1955: Benson & Hedges is acquired by Gallaher

1949: The Monopoly Bureau is incorporated as the Japan Tobacco and Salt Public Corporation

1913: Camel launched

1891: The Moscow-based Ducat factory is founded

1879: Sobranie is registered in London, to become one of the oldest cigarette brands in the world

1874: Kremenchuk factory is founded

1858: Sir William Macdonald established ‘McDonald Brothers & Co.’ in Montreal, Canada

1852: Uritsky factory founded (future “Petro” factory)

1842: Kremenchuk factory is founded

1784: Austria Tabak is founded by Emperor Joseph II

Japan Tobacco Inc is established. The government monopoly is abolished

Mild Seven launched (Japan)

R.J. Reynolds Tobacco Company is founded

 Acquisition of “AS-Petro” (Russia)

 Acquisition of Kremenchuk (Ukraine)

 Acquisition of Yelets (Russia)

 Acquisition of “Petro” (Russia)

 Acquisition of Monsewitz Tobacco Company Ltd in the UK

 Acquisition of Don’t Be (Korea)

 Acquisition of Austria Tabak

 Acquisition of Mild Seven Tobacco Factory Ltd in the UK

 Acquisition of Haggar Cigarette & Tobacco Factory Ltd in Sudan

 Acquisition of Gryson NV (a leading roll your own, make your own European tobacco company)

 Acquisition of Mild Seven Tobacco Company Ltd in the UK

 Acquisition of “Petro” (Russia)

 Acquisition of Don’t Be (Korea)

 Acquisition of Austria Tabak

 Acquisition of Mild Seven Tobacco Factory Ltd in the UK

 Acquisition of Haggar Cigarette & Tobacco Factory Ltd in Sudan

 Acquisition of Gryson NV (a leading roll your own, make your own European tobacco company)
5. Making the cigarette

The quality of tobacco depends not only on how it is grown, but also the curing, aging, processing to remove unwanted parts, and fermentation that take place after harvest. The cigarette can be hand or machine rolled fine-cut tobacco and rolling paper. RYO refers to a rolled cigarette made from Roll Your Own (RYO) seed to pack' gives you a brief introduction to how we make cigarettes. The process involves:

1. **Harvesting:** Tobacco leaves are harvested at the perfect stage of growth. Blue Ridge Tobacco is used in the USA, and Oriental and Burley tobacco is used in other countries.

2. **Curing:** Tobacco leaves undergo a curing process to remove moisture and set the flavor and aroma. The leaves are hung on racks and exposed to controlled humidity and temperature for a specific period. Different types of curing methods are used:
   - **Flue Curing:** A controlled method where tobacco leaves are exposed to fire to remove moisture. Typically, tobacco leaves are hung in a firebox to dry. This process is slower and provides a more consistent flavor.
   - **Air Curing:** Tobacco leaves are hung in a curing barn and exposed to natural air currents to dry. This method yields a tobacco with a stronger flavor and a more aromatic smoke.

3. **Cutting:** Tobacco leaves are cut into small pieces. This process is done using specialized machines. Different types of cutting techniques are used:
   - **Tabac Fine Cut:** Tobacco is cut into very fine pieces.
   - **Blends of Tobacco Cut:** Different blends of tobacco are cut together.

4. **Flavoring:** Tobacco is blended with flavorings and aromas to enhance its taste. Tobacco flavor and nicotine are added to the blend for a specific type of cigarette. These flavorings are capsules or liquid that are added to the tobacco.

5. **Packaging:** The cut tobacco is processed to remove unwanted parts, such as stems and stalks. The tobacco is processed for the specific brand and type of cigarette. Tobacco is packed into small bags and stored in a large warehouse. The bags of tobacco are loaded on pallets and stored into the finished goods warehouse. These cases are piled up by automatic robots and palletizers and then loaded into trucks. The truck drives to the distribution center, and the cases are unloaded. The cases are then loaded onto the distribution center's truck and driven to the regional distribution center. The cases are unloaded and loaded onto special trucks for delivery to the retail locations. The trucks are loaded onto special trucks for delivery to the retail locations. The trucks are loaded onto special trucks for delivery to the retail locations.

6. **Quality Control:** A machine checks the size and quality of the cigarettes. The cigarettes are sorted and packed into boxes. A machine checks the size and quality of the cigarettes. The cigarettes are sorted and packed into boxes. The boxes are then loaded onto trucks and driven to the retail locations. The trucks are loaded onto special trucks for delivery to the retail locations. The trucks are loaded onto special trucks for delivery to the retail locations.

In conclusion, the cigarette-making process involves several steps, from harvesting tobacco to packaging the finished product for distribution. Each step is critical to ensuring the quality and consistency of the final product.
Employees in JTI headquarters in Geneva, Switzerland clarify how we should achieve our business goals.

They help us assess the strategies that have enabled JTI to become a leader in the industry.

The core behaviors support our ambition and purpose and define how we should work on a daily basis.

The core principles:

1. Purpose
   - Our purpose is to passionately provide products that may provide less harmful alternatives to smoking.
   - This is why JTI has established a clear vision, dedication. We want to give all our employees, communities, and responsibilities towards consumers, customers, and the environment the opportunity to make a real difference.
   - Knowing where we want to go is a key to getting there.

2. Ambition
   - Our ambition is to be the #1 international player in Reduced-Risk Products in our category.
   - Our ambition is to be perceived as having the leading Reduced-Risk Products (*) that also have the highest science fit for purpose.
   - Our ambition is to be the #1 international player in product innovation and be appropriately informed about the risks. We want to be listening to the voice of consumers, and engage in an open dialogue with governmental authorities.

3. Integrity
   - Our sustainability strategy is centered around a corporate philosophy – At JTI we foster accommodation between smokers and non-smokers.
   - We are harmonious, respectful, and team players rather than solo performers.
   - We seek operational excellence and harmonize and have no glue.

4. Impact positively
   - We are committed to providing consumers with informed choice and by anticipating the ways in which we operate daily.
   - We recognize our impact and our responsibilities towards consumers, customers, employees, and wider society so we can make a positive difference.

The core behaviors:

- These behaviors define the characteristics of our people, our culture, and our ways of working.
- They explain the values that underpin our culture and help us to be consistent and aligned with our purpose.

The fundamental behaviors:

- Work as “One Team” – JTI is a workplace with care and respect.
- Take ownership – Win, but don’t lose – never give up.
- Make decisions – It’s easier to ask for forgiveness than permission.
- Be accountable – Impact positively.
- Provide feedback – We assess the strategies that have enabled JTI to become a leader in the industry.
- Fundamentals – We are simple – quality fit for purpose.

The four Ss:

- Science – Backing our products with the voice of science.
- Sustainability – Developing our product portfolio in line with our 4S business model.
- Speed-to-market – Extending our product portfolio.
- Social responsibility – Investing in people, global outreach and capability.
Our Executive Committee (Excom) is made up of 16 members, aligned in two different areas of activity: Operations and Functions.

Their shared objectives are to provide strategic leadership and direction to the business and to ensure decision-making which guarantees long-term profitable topline growth. They achieve these objectives by working with speed, visibility, transparency and governance.

**Governance and management**

**Our leadership**

- **CEO**
- **COO**

**Governing the business**

- **JTI is committed to strong governance in the way we do business. Now we manage our people, protect our assets, and report on performance to our shareholders.**
- **To ensure this governance is clear we have policies and processes in place, which are available for reference and should be clearly understood and adhered to by all employees.**

**Code of Conduct**

Sets out the high ethical standards we are all expected to meet when dealing with each other, our customers, our suppliers and society at large.

**JREX**

Japanese legislation designed to improve corporate sustainability and financial reporting standards.

**Global Supply Chain**

- **grouped in 10 global functions, 3 Leaf Sourcing regions and 5 manufacturing areas:**
  - **Global functions**
    - Reduced-Risk Products
    - Engineering
    - Finance
    - Planning and Services
    - Procurement
    - Quality
    - JT/JTI Partnership
    - Leaf
    - Manufacturing
    - Strategy & New Business
  - **Leaf Origins/processing locations**
    - Africa (Malawi, Tanzania, Zambia)
    - Americas (Brazil, USA)
    - Europe (Turkey, Serbia)
  - **Manufacturing regions**
    - Asia
    - Eastern Europe
    - Gostkow
    - Middle East/Near East/Africa/Turkey
    - Western Europe/Argentina
Employees in JTI headquarters in Geneva, Switzerland

What we do

The Global Technical Center (GTC) capabilities through analytics and Business project management, and training for all to together with them the systems, processes and various functions and regions, and to define is to partner with respective business.

The role of the Information Technology (IT) function is to provide JTI employees with the IT tools, resources are appropriately allocated, Decision Support.

We also ensure that all employees comply with the highest standards of behavior and operate with them the systems, processes and procedures. Additionally, we are accessible by information is accessible by different channels, including the Company's website.

We:

• explore new business opportunities inside and outside conventional tobacco.
• challenge key business assumptions set through our planning process,
• explore and develop new technologies applied state-of-the-art printing techniques and new innovation for the future.

Corporate Strategy

Corporate Strategy supports JT Group management's decision-making in any type of environment from the time the information can respond to the ever-changing demands.
Going forward

Learn more

We hope that this guide to the Company has aided you in gaining a better understanding of how we operate and deliver our business success.

You have made the right choice in joining the JTI team. Now we hope that you will take every opportunity to enjoy your time with us, while helping us to go forward and meet both JTI’s and your future ambitions.

Stay updated

Visit our intranet “INSIDE” regularly. You will find it a great source of information, providing you with tools to support your daily work. You will have access to:

- global and local news, including job vacancies
- policies and procedures
- global documents such as the Code of Conduct and JT Annual Report
- corporate magazines and publications, such as INSIDE Magazine or JT At a glance
- corporate identity guidelines (the JTI Brand), including templates

Like all JTI employees with a JTI network account, you have access to our business networking platform, called INSIDE Engage. The platform is designed to help JTI employees communicate openly with one another, collaborate and share.

Engage allows you to create a profile, add colleagues to your network and join communities, just like external networking websites.

It is easy to get started on Engage – just click on the link on the INSIDE Online homepage. Take a few moments to explore the platform and find out what Engage has to offer you.

How can INSIDE Engage help you in your daily work?

Networking: By updating your profile you have the opportunity to introduce yourself and talk about your work experience, expertise and skills, so that colleagues can find you and ask for your support or advice in the area of your expertise. In return, you can also search for specialized skills or knowledge.

Feedback: You can ask colleagues to give you feedback on a product, an idea, a presentation, an event, etc. Engage helps you to reach a large number of colleagues in a short time.

Collaboration: Are you managing a project where colleagues from all around the world are involved? Create a community for your project and ask your colleagues to join.

Follow us

We use various social media platforms to share news, business updates and careers information with the world. We encourage employees to:

1. follow and interact with us on
   - Twitter – @JTI_global
   - LinkedIn – search for “JTI (Japan Tobacco International)”
   - Facebook – @JTCareers
2. and leave a review on Glassdoor – search for “Japan Tobacco International” under Companies.