



Assurance Statement

Scope and objectives

Lloyd's Register Quality Assurance Ltd (LRQA) was commissioned by Japan Tobacco International (JTI) to independently assure its Environment, Health and Safety Report 2007 'Climate for Change' (the Report).

The objectives of the Assurance were to:

- Check that the information in the report is accurate and represents JTI's performance fairly with regard to environment, health and safety (EHS) issues in JTI factories, sustainability issues in the tobacco farming and health and safety issues associated with market offices and the associated vehicle fleet
- Review the completeness and relevance of information presented in the report
- Assess JTI's systems for definition, measurement, collection, calculation, collation, aggregation and presentation of information and data in the Report.

The Assurance was carried in accordance with the requirements of LRQA Corporate Responsibility and Assurance Process Procedure¹. The Assurance was undertaken as a sampling exercise. Our assurance did not extend to data and information accessed through web-links identified in this report.

The Report remains the responsibility of JTI and has been approved by them.

LRQA's Approach

Between January and June 2008, LRQA:

- Reviewed information and data presented in the Report
- Examined the materiality of the Report content
- Interviewed personnel responsible for EHS programmes, data and information management
- Checked EHS records and relevant documentation
- Carried out site visits where interviews, checks and reviews were performed including JTI headquarters in Geneva (Switzerland), JTI Factories in Moscow (Russia), Lisnafillan (Northern Ireland), Johannesburg (South Africa), Dar es Salaam (Tanzania), Hainburg (Austria) and Montreal (Canada) and Market Offices in Johannesburg (South Africa) and Toronto (Canada)
- Undertook field trips to tobacco farms and Total LandCare in Malawi to review JTI's Reforestation and Community Support Project.

Level of Assurance²

Our approach has enabled us to achieve a reasonable level of assurance from our review.

Findings and conclusions

The Report is a balanced presentation of the most important EHS issues in JTI factories, sustainability issues, tobacco farming and health and safety issues associated with market offices and the associated vehicle fleet.

The content of the Report is based on a materiality review carried out in 2003 followed by further annual reviews by the EHS Team.

Source information and data sampled supports the content of the Report.

JTI continues to demonstrate EHS performance improvement through the implementation of the EHS Excellence Plan. Management systems for collecting EHS data against JTI's key performance indicators (KPI) are now well established in the Factories and Market Offices. Following the acquisition of Gallaher in April 2007 JTI successfully incorporated the Gallaher factories and markets into the EHS monitoring and reporting process. EHS data from these locations are reported from

¹ LRQA Corporate Responsibility and Assurance Process Procedure Revision 0 Issued 25 October 2005

² LRQA's opinion is based on the scope of our work carried out to provide a reasonable rather than an absolute level of assurance that the Report represents a true and fair reflection of JTI's Environmental, Health and Safety performance in 2007.



July 2007 onwards. Some minor inaccuracies were noted in the monitoring and reporting of EHS data from the former Gallaher factories and markets but these do not contribute to any significant material error in the EHS data. JTI demonstrated that they were actively working with these locations to improve the quality of the data.

LRQA were impressed by JTI's Reforestation and Community Support Project operating in Malawi and Tanzania and its contribution to improved sustainability of tobacco farming (page 16 of the Report). Progress with the implementation of the Safety Change Programme was also notable (page 12 of the Report).

In last year's report, LRQA reported that the EHS culture in the markets was not strong as in the factories. This year LRQA were presented with evidence of a robust approach to health and safety issues in the market, for example the road safety programme in Tanzania (page 14 of the Report). LRQA had also reported weaknesses in the monitoring and reporting of factory non-production waste and vehicle mileage in markets. This year there were no issues identified regarding the reporting of non-production waste. The reporting of vehicle mileage still needs refinement but the inaccuracies identified do not contribute to any significant material error in the EHS data.

Suggestions for improvement

Further opportunities for improvement were identified during the verification:

- Evidence was seen that management of change in operations needs strengthening to ensure all significant EHS issues associated with operational changes and new projects are identified and controlled.
- A policy could be implemented to address sustainability issues associated with forestry derived non-tobacco production materials.
- A more formalised materiality process for determining the content of the report in future years could be implemented.

For and on behalf of LRQA
24 June 2008

This Assurance Statement is valid for one calendar year from the date of issue.

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