SUSTAINABILITY REPORT 2022

TABLE OF CONTENTS

PREFACE 1: ABOUT THE SUSTAINABILITY REPORT

Sustainability Reporting is a tool that allows businesses to increase transparency, disclosures and accountability in areas that traditional financial reporting systems do not provide. These reporting areas are governed around the disclosures that relate to the environmental footprint, social contributions and responsibilities and governance topics with a focus on its long-term vision.

In the current business environment, the demand for relevant information is required to have access to markets. As industries become more competitive and companies' bottom lines (i.e., profits) become important, the community and stakeholders increasingly get exposed to business sustainability risks that are directly or indirectly caused by their actions.

Corporate decision-making is predominantly reliant on financial information, even though this information may not give a thorough analysis/picture of the environment that it operates. It is now clearer that the success of any organization may not only depend on its financial results; but a combination of different results and outcomes such as its capacity to reduce its GHG emissions or how efficient its use of resources is.

This sustainability report for TCC PLC will include a series of both financial and non-financial information. The financial information that is presented in this sustainability report is expressed in monetary units (TZS). In this report, non-financial information is presented in both ways; quantitatively (such as tones, hours, percentages, or any other relevant units) or qualitatively such as governance principles, reputation management, biodiversity, and supply chain management. For the purpose of addressing TCC PLC in this report, we have used the words "TCC PLC", "we", "us" or "our".

This report references JTI's policies which are applied at a local level to better cater for TCC PLC's regulatory requirements. These policies are: The New Ways of Working Policy, Health and Safety Policy and the Anti bribery and Corruption Policy. Other policies such as the Code of Conduct and the Supplier Screening Policy are applied as is from the global level.

To engage TCC PLC's stakeholders and in accordance with the laws and regulations of the United Republic of Tanzania, we are proud to present our first sustainability report for the year 2022. This report provides disclosures on its environmental footprint, social responsibilities, and its good governance practices.

1. ABOUT TCC PLC

1.1 TCC PLC AT A GLANCE

A journey of a thousand miles starts with that one step. And that first step was taken in the year 1961. What makes this special is that the company was inaugurated by the father of the Nation; the Late Mwalimu Julius Kambarage Nyerere on December 4, 1961.

In 1967, the Government of the United Republic of Tanzania acquired 60% of the equity in the company from British American Tobacco as part of the nationalization program. In 1975, the government of the United Republic of Tanzania acquired the remaining 40% shares from British American Tobacco and renamed the company to Tanzania Cigarette Company Limited.

In 1995 following the change of approach by the Government of Tanzania, RJ Reynolds acquired a 51% stake in TCC during the liberation of the economy. In the year 1999, JTI acquired all RJ Reynold non-US tobacco operations including TCC, increasing the shareholding to 75% making them the majority shareholder in TCC. In the year 2000, TCC becomes listed in the Dar es Salaam Stock Exchange (DSE) market. Today, TCC PLC is one of the largest listed companies in the United Republic of Tanzania.

TCC PLC is proud to have over 440 permanent employees in Tanzania; some of whom are working across sixteen branch offices in the country. We engage a diverse workforce because we care and strive to transform livelihoods and create changes that are truly needed around our communities. Therefore, we are one of East Africa's largest successful companies and Tanzania's successful business for 6 decades now. We have come from miles away and we aspire to drive forward, create an impactful change, better the lives of the communities around us and together celebrate this journey of sustainable success.

TCC PLC Mission

Our Mission is to **grow volume and profit while defending our market share,** by delivering quality brands, maximizing consumer and customer satisfaction through innovation, engaged employees, integrity and excellence in execution.

TCC PLC Vision

Our Vision is to continue to be the **#1 tobacco company by volume in Tanzania**.

TCC PLC's Core Values

Winning Attitude
We are driven by success.

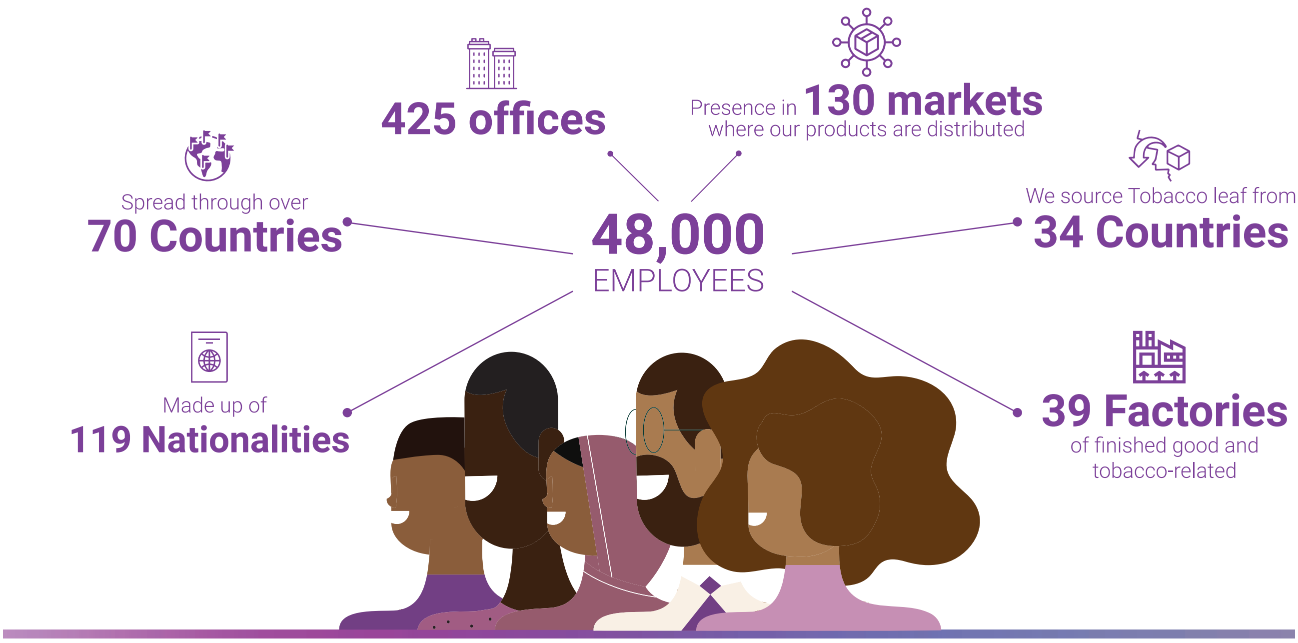
Commitment to Quality
We put the consumer at the heart of what we do.

Better Together
We work as "One Team".

We do the right thing
We act responsibly to drive sustainable success.

1.2 TCC PLC – A Subsidiary of JTI

JTI is an international tobacco and vaping company known for its flagship products such as Winston, Camel, Mevius and LD. JTI is a subsidiary of JT Inc. with headquarters in Geneva, Switzerland.



*Figures of March 2022

1.2.1 TCC PLC SUSTAINABILITY INITIATIVE

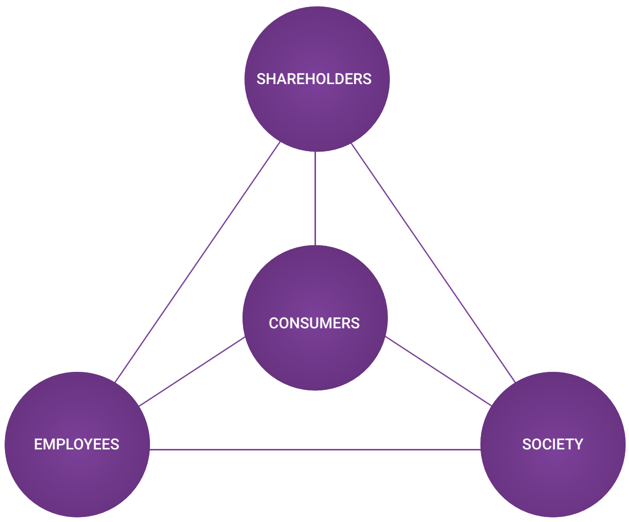
JTI continues to strengthen its expansion strategy across the globe. The group's creative and dynamic culture, its focus on correctness, quality-driven and impactful change are what drive the group towards long-term success and business sustainability.

JTI's decision-making process is predominantly stakeholder-driven; hence, the needs and interests of stakeholders are well assessed, addressed and managed through continuous stakeholder feedback. This means that decisions are focused on how it impacts the overall environment around JTI's operations. Consideration towards the employees along different levels in the organization, shareholders, consumers and the global community at large, is of paramount importance; and the company's operations globally continue to strive towards delivering exceptional results and exceeding stakeholder expectations.

TCC PLC's initiatives above have been proven through JTI's recognition of being the Top Employer for the 8th consecutive year by the Top Employers Institute, with certifications in 66 different countries worldwide. Our consistent awards as the top employer create a true bond between us and our stakeholder's expectations. This shows our outstanding commitment that every JTI employee should be able to work in a safe environment, thrive professionally and truly be authentic at their workplace.

The foundation of how JTI does business sustainably at a global level is its unwavering commitment and accountability towards improved social and environmental impact-driven actions, good governance practices and respect for human rights.

1.2.2 TCC PLC SUSTAINABILITY APPROACH



For us to ensure a sustainable growth, it is essential for our business to contribute towards the goals set out in the sustainable development goals within the communities we live in through responsible business practices, policies and engagements.

JT Group's 4S Management Model takes charge of our main stakeholders and provides us with a system of good governance for our business activities and encompasses our ability to create value for our stakeholders.

We continue to be the leading tobacco company in Tanzania because of our quality products. Our commitment to sustainability is the only obvious choice that truly matters.

To allow us to engage in ESG-related matters proactively and responsibly; we have set a detailed sustainability strategy around three key focus areas (see Section 3):

1. Respect for human rights
2. An improved social and environmental impact
3. Good governance and business standards

1.3 INTERVIEW WITH TAKASHI ARAKI: GM/CEO of TCC PLC

Question
As the CEO of Tanzania's largest cigarette manufacturing company, what is your role when it comes to Sustainability Management in the company?

Answer
Managing sustainability is a necessary responsibility that requires my full attention to ensure a sustainable business operation. As a leader, I'm committed to ensuring TCC PLC continues to adhere to business ethics, maintains integrity and has zero tolerance towards bribery and corruption. I have an obligation to not only create long-term value for our shareholders and other stakeholders but also support necessary initiatives that protect the environment, ensure social responsibilities, respect human rights and practice good governance.

TCC PLC desires to continue contributing towards Tanzania's sustainable growth through our business activities for the foreseeable future.

Question
How would you describe TCC PLC's commitment towards its environmental, social and governance pledge over the last 2-3 years?

Answer
A lot has been done at TCC PLC, as part of our strategy to ensure sustainable business operations. Significant investment has been made in various environmental projects e.g., solar energy, waste management projects, water use management projects, etc.

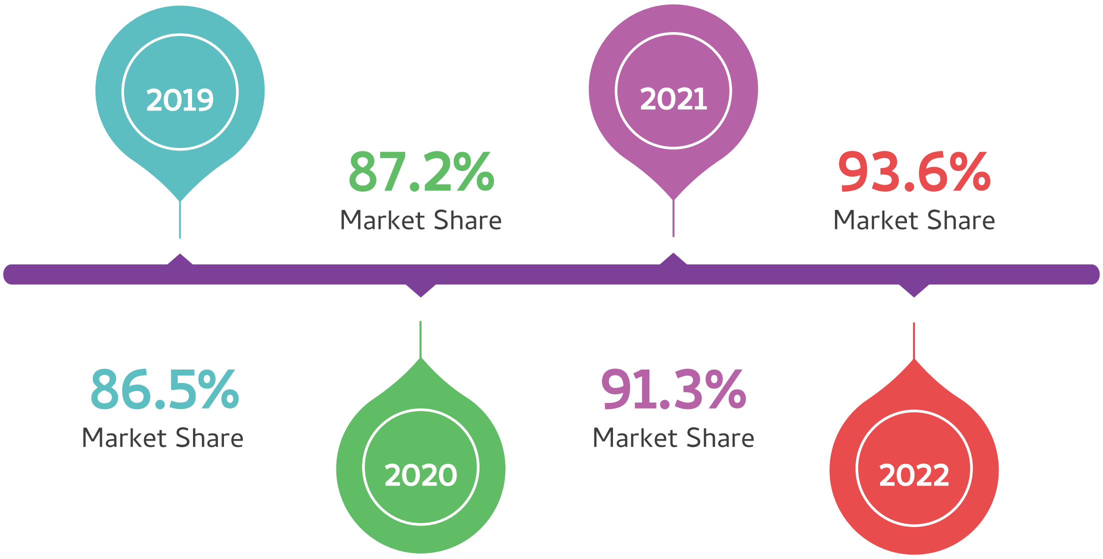
Additionally, our community investment programs and investment in people form part of our sustainability strategy that strengthens our culture and values. As part of its governance structure, TCC PLC's board actively promotes the creation of sustainable strategies. As a result of our commitment and determination towards building an ecosystem of compliance and integrity, we have received various recognitions including the 2022 Employer of the year award by the Association of Tanzania Employers and the 2022 most tax-compliant company by the Tanzania Revenue Authority.

Question
As ESG risks continue to rise in the business ecosystem, what do you think is the role of corporates and businesses in the sustainability space?

Answer
Corporates have a role to play in ensuring sustainable development is achieved through creating long-term business value without compromising the ability of future generations to meet their needs. It is essential to ensure that businesses achieve their goals in alignment with sustainable development goals within their communities through responsible business practices, policies, and engagements. Corporates should continue to ensure effective engagement and communication with stakeholders, including regulators and policymakers, as it is key to strengthening sustainability and cooperation among stakeholders. I believe being a good neighbour (trustworthy, supportive, and goodwill) will remain as important as ever.

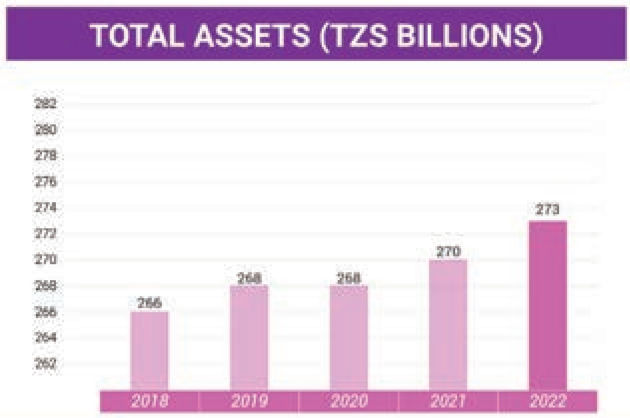
1.4 BUSINESS PERFORMANCE

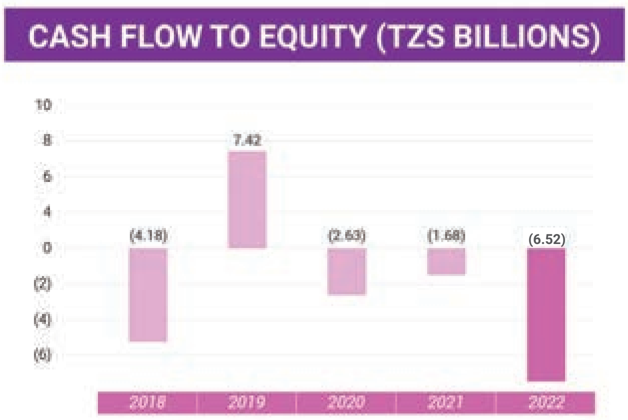
Our performance in the cigarette industry has been exemplary and our market share has continuously improved despite the effects of the COVID-19 pandemic and the Russia/Ukraine war. Not only are we keen on focusing on our expansion in the market but we are also determined to make it correctly and sustainable using equitable financial resources and reinvesting them into our people and the community through our Community Investment Programs.



1.4.1 FINANCIAL KPIs

	2018	2019	2020	2021	2022*
Revenues (TZS Billions)	294	309	279	312	341
Asset Growth (TZS Billions)	266	268	268	270	273
Cashflows to Equity (TZS Billions)	(4.18)	7.42	(2.63)	(1.68)	(6.52)
Share Price (TZS)	17,000	17,000	17,000	17,000	17,000
Dividends per Share (TZS)	450	550	500	800	600
Net Profit (%)	**16.2%**	**16.5%**	**12.8%**	**19.0%**	**20.3%**





*Unaudited Results for the financial year ending December 31, 2022

Production of Cigarettes (Sticks in Billions)

Year	Quantity
2022	9.05 Billion
2021	8.45 Billion
2020	6.46 Billion
2019	7.77 Billion
2018	7.25 Billion
2017	6.81 Billion

1.5 STAKEHOLDER ENGAGEMENT AND MANAGEMENT

Communication is a critical aspect of our business. We understand that the success of our business and its sustainability depends on our stakeholders' input and involvement in various aspects of the business.

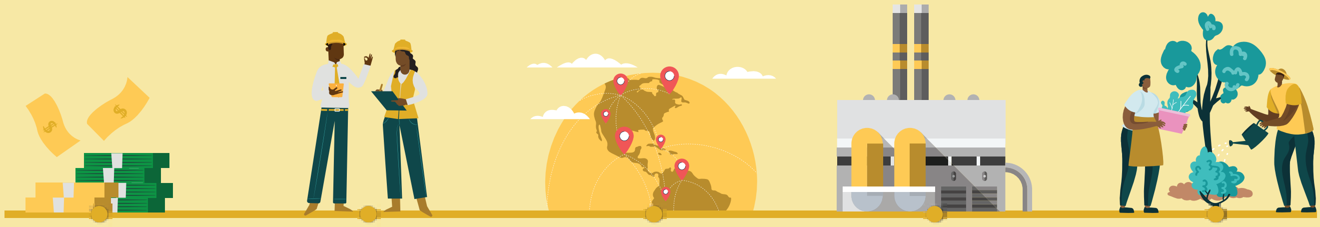
As a public limited company, our attention is geared towards taking efforts in engaging our stakeholders. This is guided by our business integrity principles and our 4S Model. Our business integrity principles provide guidance on how we engage and manage government and regulatory bodies, whilst the 4S Model attends towards TCC PLC's consumers, employees, the society and shareholders.

In the table below, we present various stakeholder groups on how we engage them and how we create value to allow a mutually beneficial relationship:

Stakeholder Group	How We Engage	Key Focus Areas
Our Employees	• Routine safety meetings • Professional development • Internal communications programs • One-on-one meetings	Safety standards and employment opportunities
Our Customers	• Social Media, customer satisfaction • Surveys via activation events	Improve customer satisfaction and reduce health effects
Government & Regulators	• Regular site visits and inspections • One-to-one engagement with various government stakeholders formally and informally • Forums and workshops	Compliance and delivering value to all stakeholders
Society	• Community development and investment opportunities • Site tours for monitoring of programs	Providing access to long-term sustainable community development
Our Shareholders	• Annual General Meetings	Providing long-term business growth and return on investment

2. VALUE CREATION MODEL

VALUE INPUTS



Financial Capital

Sustainable cashflow and profitability growth through strategic planning and management

Human Capital

Over 440 diversified staff members generating synergy from our workforce

Social & Relationship

As a member of a global network, our value chain spans across different regions and institutions

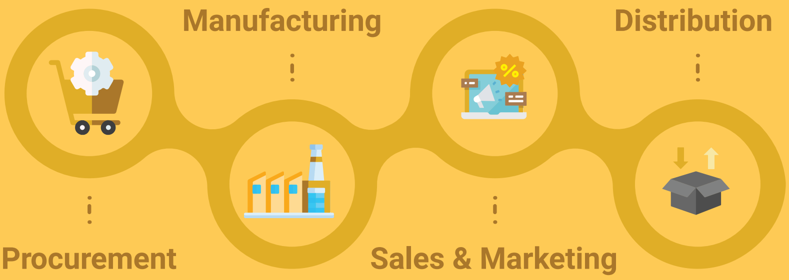
Manufacturing Capital

Our manufacturing system and capital investments ensure optimal quality and productivity

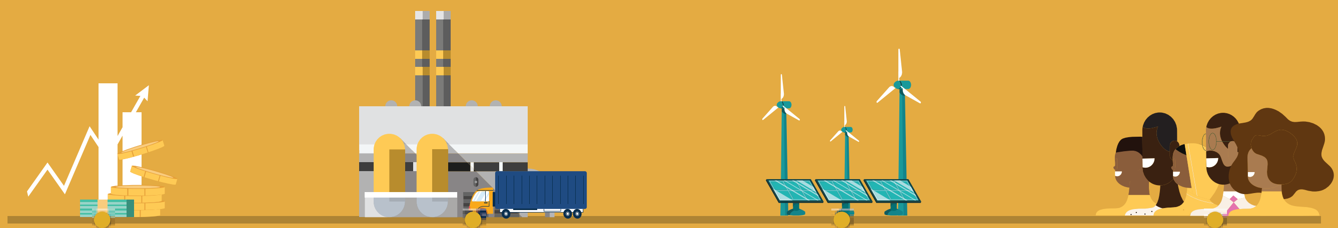
Natural Capital

Taking care of our natural environment is critical to our existence and sustainability

BUSINESS PROCESSES



VALUE OUTPUTS



Financial Capital

Revenue growth, liquidity and obtaining market share

Manufacturing Capital

Delivering tobacco products timely and with optimal quality

Natural Capital

Transitioning into renewable energy sources and continuous improvement to reduce GHG emissions

People & Culture

Continuous improvement and diverse skillsets of employees

VALUE IMPACT

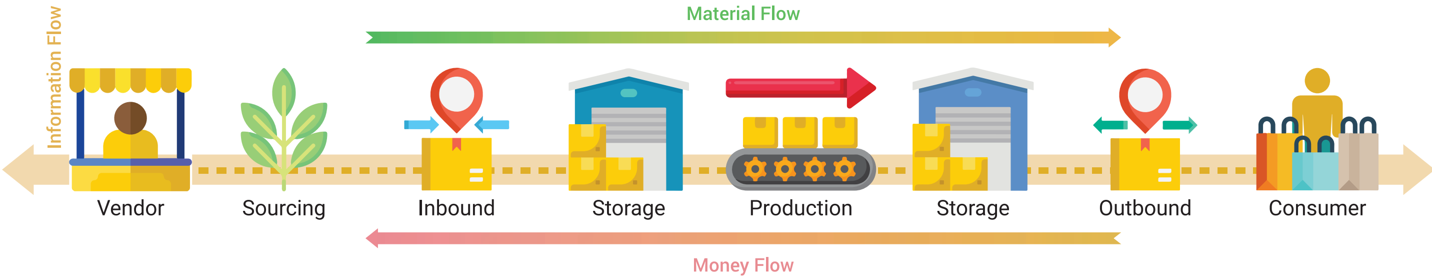
1 Driving long-term value for shareholders

2 Creating market growth opportunities and sustainable development

3 Development of a safe conducive workplace where people excel and become great at what they do

4 Achieving Net Zero by 2050

2.1 OUR VALUE CHAIN SYSTEM



Material Flow

Material flow includes smooth flow of Raw Materials from suppliers to the factory. The factory converts the materials to our product which in turn flow to the Consumer through Sales and Marketing.

Information Flow

Information flow comprises of forecasts from the Consumer through sales and Marketing department which in turn the Factory converts into raw materials forecast which is shared to all different vendors for timely supply of raw materials.

Money Flow

Based on the invoice raised by the producer through Marketing & Sales-Finance, the consumer pays for the goods to the producer and in turn through invoices for the raw materials from the vendors, the producer pays for the raw material.

In short, to achieve an efficient and effective supply chain, it is essential to manage all three flows properly with minimal efforts.

3. SUSTAINABILITY STRATEGY

3.1 OUR SUSTAINABILITY STRATEGY

TCC PLC's sustainability strategy is guided by JTI's Global Sustainability Strategy using the four pillars outlined below. Each activity that is engaged in promoting the achievement of this strategy is aligned and implemented within the Tanzania so as to create larger impacts towards achieving the goals identified.

3.1.1 RESPECT FOR HUMAN RIGHTS

We value and respect the people that we interact with; internally and externally. Our commitment towards human rights is enforced by the management through JT Group's 4S Management Model and is managed at departmental levels. The concept of human rights is integrated into our culture and allows a fair and accessible mechanism encouraging employees and suppliers to speak up for human rights without any fear of retribution.

We address our human rights issues through tailor-made corrective measures implemented via our human rights action plans which are incorporated in JTI's Code of Conduct .

3.1.2 AN IMPROVED SOCIAL AND ENVIRONMENTAL IMPACT

As a responsible corporate citizen, we are committed to protecting the environment and making a positive difference in the areas we operate. We commit to this via long-term partnerships with various stakeholders through volunteering opportunities, prospects for employees to engage with the communities, development of new skills which allow us to gain a sense of pride and satisfaction and true gratitude.

We contribute towards our community via various community investment programs which improve livelihoods and reduce inequalities, improve community resilience and protect the environment through reforestation programs in the community with the help of our employees.

3.1.3 ENVIRONMENTAL IMPACT

We are aware of the continuous environmental and societal concerns in the current age. In this decade, we have experienced a wave of negative climate change effects which have resulted in the melting of the ice caps, rising sea levels and increased frequency in extreme weather conditions.

By implementing sustainable business practices which we proudly present to you in this report, we can contribute towards conserving resources, reducing waste, managing our financial and non-financial costs for reinvestment and reducing our GHG emissions.

3.1.4 GOOD GOVERNANCE AND BUSINESS STANDARDS

We ensure our business practices are ethical and promote transparent means of communication between our stakeholders, use fair and timely decision-making principles that take into consideration the interests of our consumers, shareholders, employees and the wider community that we touch.

3.2 OUR SUSTAINABILITY COMMITMENTS

We believe that sustainability is a balanced action between different activities, stakeholders and resources. Our commitment towards having a sustainable footprint revolves around continuous improvement in our sustainability strategy and its contribution towards the sustainable development goals.

3.2.1 PRODUCTS AND SERVICES

We inspire and continuously strive to become a tobacco company that provides our adult consumers with a range of favourable choices of tobacco products. These products are a result of exemplary investment in research and development, quality assurance and product management.

3.2.2 PEOPLE

Our continued commitment towards our people and the communities we touch is to give back by investing responsibly in the areas we operate and sharing common resources. Our community investment policy guides our activities and these activities are great drivers of employee engagement.

3.2.3 SUPPLY CHAIN

We endeavour with our management processes and systems to reduce our environmental footprint and create an ecosystem with reduced social risks by responsible sourcing, promoting accountability, transparency and communication in our business practices. Wherever possible, we ensure that we engage relevant stakeholders across our supply chains.

3.2.4 REGULATORY ENVIRONMENT AND ILLEGAL TRADE

As a responsible corporate citizen in the tobacco industry, we are determined to be included in contributing towards national-level policies and promote a fair and balanced tobacco regulatory environment. Contribution of such matters in a true, fair and honest approach, not only enhances, but also strengthens our cooperation between the government, public sector and appropriate stakeholders to fight against illegal trade.

3.3 ENVIRONMENTAL ASSESSMENT

We are keen on accelerating positive influence on climate change by reducing our environmental footprint. We understand that our operations impact the environment across our value chain.

Our efforts have been recognized by OSHA in the year 2022 by being awarded the best Educative Occupational Safety and Health Programmes in the Public and Manufacturing Sectors.

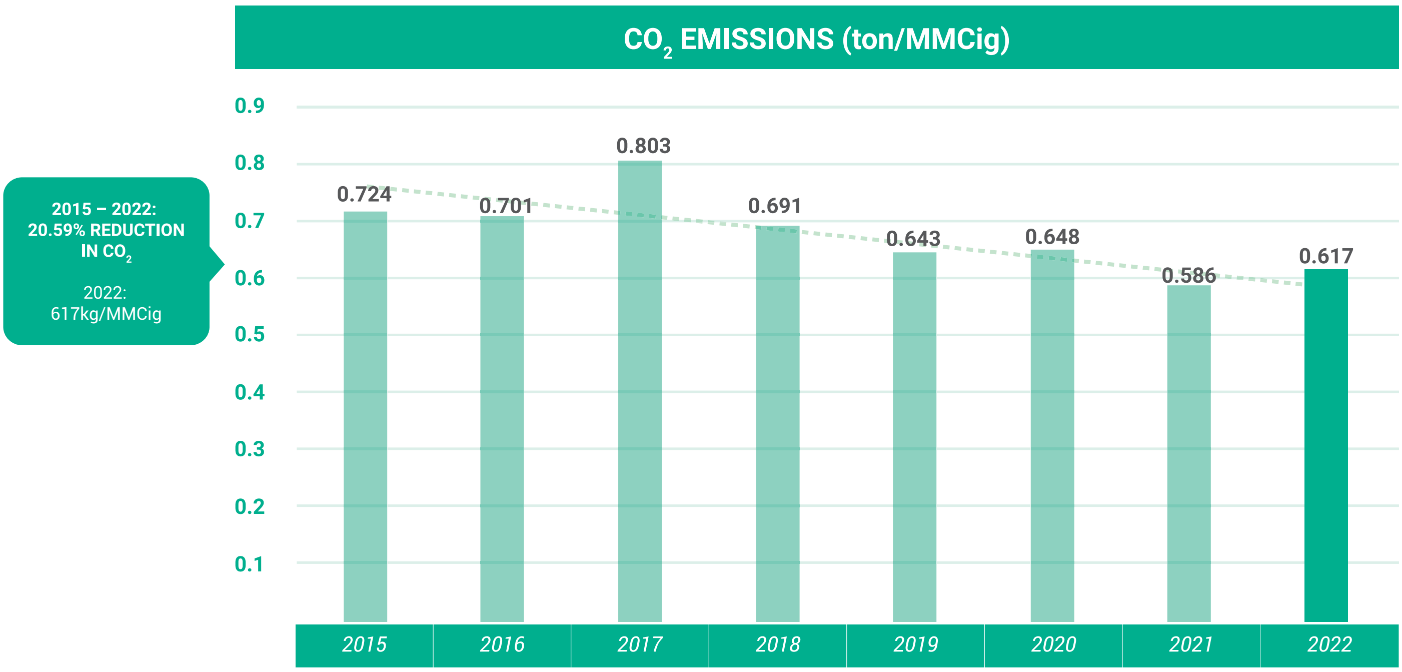
In this Sustainability Report, we focus on the core areas that we believe manage our environmental footprint relevant to our operations: GHG emissions, rate of energy consumption, water usage and waste management.

Every year, we project how much of the GHG emissions, water usage and wastage are expected to be produced because of our processes. These goals are broken down into months. Specifically, our GHG emissions are measured and monitored by the volume of cigarettes produced as majority of the emissions are derived from manufacturing processes in the factory site. The results are then assessed in detail by our in-house experts for the prospects of creating strategic initiatives to reduce these factors. Each driver is logically measured and compared with the output of cigarettes to ensure reasonableness in accountability and transparency towards decision-making.

Treasure Hunts

We engage our people every month for a one or two-day energy treasure hunt per department. This exercise helps identify low-cost energy-saving opportunities from behavioural, operational and maintenance actions. Various initiatives have been implemented which resulted in reduced energy consumption and CO2 emissions. Such initiatives are the installation of occupancy sensors in every office, seven-day programmable timers on electrical appliances and the procurement of energy utility appliances that support energy-saving initiatives having an A+ grade.

3.3.1 GHG EMISSIONS



OUR INITIATIVES

2019

Installation of an Exhaust Gas Boiler

CO_2 Emissions reduced by
354 tons per year

2020

Installation of an Absorption Chiller

CO_2 Emissions reduced by
72 tons per year

2021

Installation of a Solar Powered System

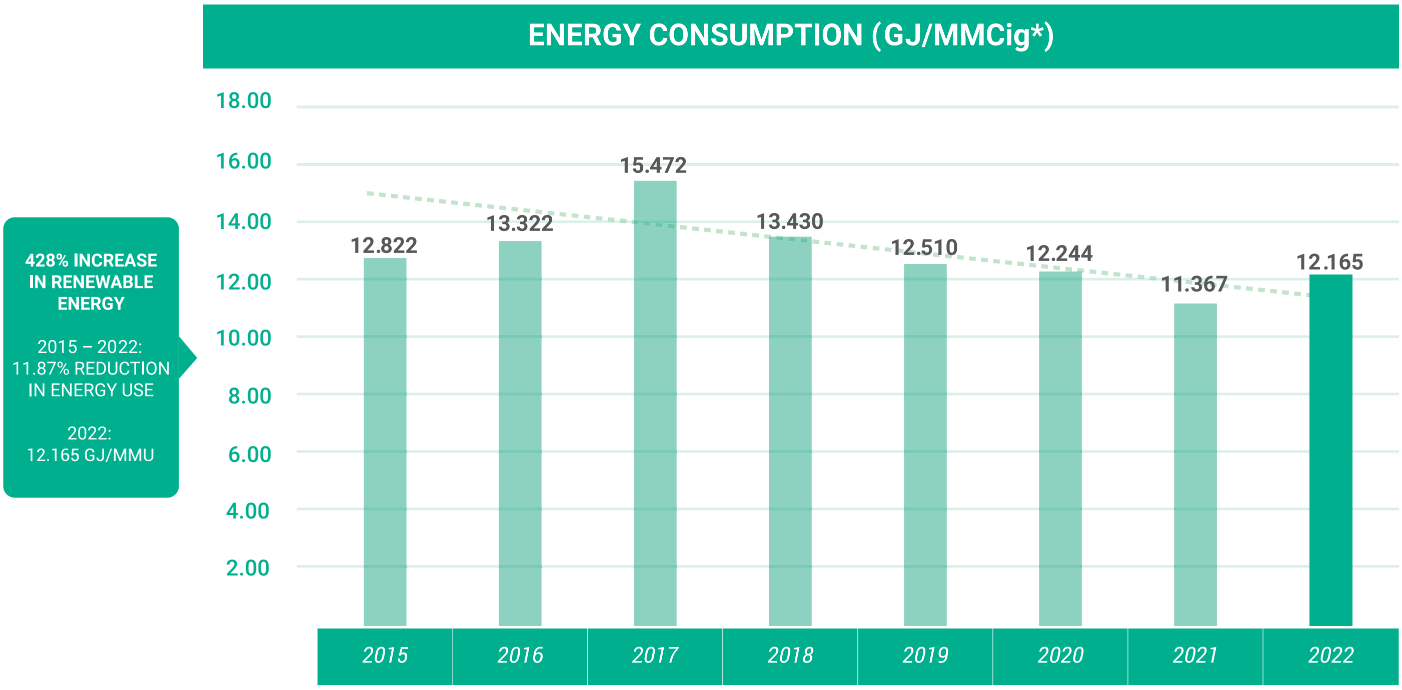
CO_2 Emissions reduced by
211 tons per year

GHG emissions include carbon dioxide emissions and other emissions whose impacts are measured via a conversion rate known as the CO2 emission equivalent rate.

Our GHG emissions are monitored electronically and are directed under the ISO 14001: 2018 – Environmental Management Systems which promotes continuous improvement in the reduction of GHG emissions. The standard is also adopted by our group company to align global operations and to achieve the objective of Net Zero by 2050.

We endeavour to continue reducing our GHG emissions by actively monitoring our carbon footprint roadmaps. The roadmaps allow us to identify emissions and reuse them within other manufacturing processes.

3.3.2 ENERGY MANAGEMENT



*Giga Joules per million cigarettes manufactured

OUR INITIATIVES

2019

Installation of an Exhaust Gas Boiler

Energy usage reduced by
3.98 million kWh per year

2020

Installation of an Absorption Chiller

Energy usage reduced by
44,946 kWh per year

2021

Installation of a Solar Powered System

Energy usage reduced by
532,000 kWh per year

In 2020, we installed a 70kW solar powered system which provides a clean energy supply to the entire administrative wing of TCC PLC. This year, we increased our commitment towards the clean energy project and invested to produce an additional 300kW of clean energy which has the potential to supply electricity to all other offices.

Our energy management systems are guided by the ISO 50001:2018 - Energy Management Systems. The objective is to achieve continual improvement of energy efficiency within our value chain. This is done by planning, energy usage control, monitoring and reviewing outcomes and finally assigning preventative or corrective measures.

We conduct annual internal reviews to ensure that our energy management systems are effective. Independent reviews are conducted by an approved vendor who is engaged at periodic intervals. These findings are reported to the Manufacturing Director for further action.

3.3.3 WATER AND WASTE MANAGEMENT

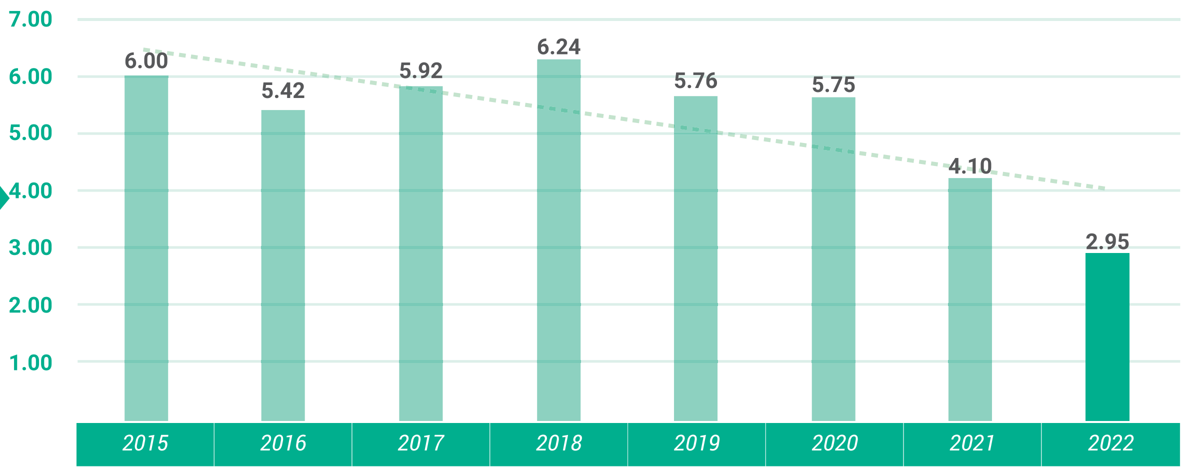
WATER USAGE (m^3/MMCig)

2015 – 2022: 37.09%% DROP IN WATER USE

36.79% WATER TREATED IN 2022 (FY2021: 33.47%)

2015 – 2022 27.26% DROP IN WASTE RATE

32.01% RECYCLING RATE (FY2021: 30.71%)

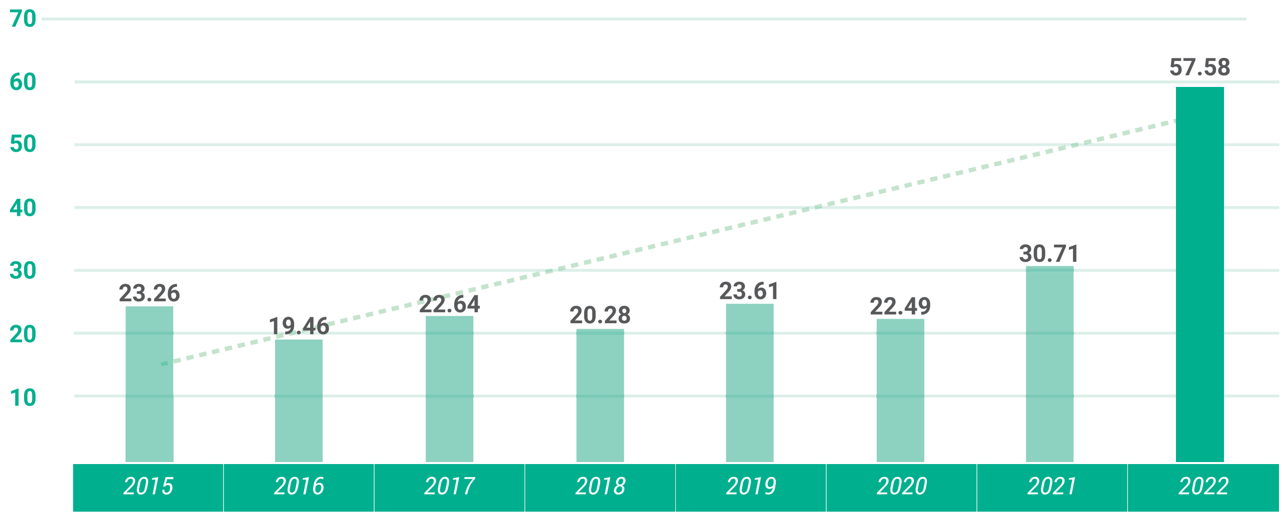


*Cubic metres per million cigarettes manufactured

WASTE RATE (kg/MMCig*)

*Kilograms of waste per million cigarettes manufactured

RECYCLING RATIO (%)



Establishing a baseline against how water is used in our value system against potential future reductions is an important step we take into consideration when planning water use reduction strategies.

We have installed a water treatment plant that has allowed the water waste from production to be treated and reused in the irrigation systems within our compound. This year, we were able to treat 36.79% of the water (3.32% higher than the previous year) and reduce our water usage by 37.09%.

The 57.58% increase in our recycling rate has been triggered by our continued efforts in ensuring that all non-tobacco material waste from our manufacturing processes is correctly identified and recycled appropriately by allowing external companies to recycle such wastes thereby reducing our supply chain carbon footprint.

During the year, we committed to incorporating recyclable materials into our value chain system. For example, we actively encouraged our vendors to supply packaging materials using recycled paper only. Clear instructions were provided to the suppliers on disposal of the materials through the most environmentally efficient means thereby reducing our environmental footprint

3.4 SOCIAL ASSESSMENT

3.4.1 OUR PEOPLE AND CULTURE

We understand the importance of attracting talent for internal growth and value addition. This is a key factor that drives innovative solutions towards complex problems in the world we live in.

By investing in our people intelligently, we directly impact our ability to strengthen our culture, values and the contribution we make in our communities. This creates a responsible work environment where we can continue strengthening our competitive advantage in the employment market.

We strive to create a sense of importance and awareness in this space by not only bringing value to our operations, but also actively contributing towards our ethical duties to develop the next generation of leadership with an abundance of diversity and inclusivity.

Leadership and Development

We are committed to the delivery of world-class learning and employee development opportunities. Our obligation and investment into the development of leadership opportunities, functional and administrative prospects have resulted in a vast improvement in employee motivation and sustainable contribution towards our operations.

Diversity, Equity and Inclusion

We continue to engage wherever possible with external partners to create change and foster a culture of inclusivity within our workspace. Our distinct Diversity, Equity and Inclusion team includes a PWD who provides insights on how to develop initiatives to promote inclusiveness at all levels across our company.

Our New Ways of Working

We are delighted to announce our newly engaged policy that allows our employees to choose how, when and where they work through our New Ways of Working Policy.

This policy provides financial support to employees in form of assistance to allow them to set up home-based offices that conform to ergonomic guidelines. We understand that employee comfort and productivity, motivation, health and safety are of paramount importance.

Phase 1 of our New Ways of Working Policy focuses on employees who are involved in the market and factory divisions. At this stage, we collect data such as behavioural trends, staff experiences and necessities to implement into our second phase which will involve our direct workforce in sales, field-force, and the factory shopfloor.

Investing in People

We believe that highly skilled and talented people form the foundation of our success and contribute towards sustainable growth.

We are proud to be recognized as ***Tanzania and Africa's Top Employer*** for the fifth year in a row by the Top Employer Institute. Additionally, have achieved ***Investor in People Gold accreditation*** in our efforts to continue to invest in our people – which is an assessment of how companies make work better by putting their people first and caring about a work-life balance for building a sustainable and a resilient society.

This year, we are proud to confirm that 99% of our employees participated in the internal Employees Engagement Survey and yielded a result of an 84% engagement rate which is 5% higher than the previous year.

3.4.2 SUPPLIER SCREENING

Our supplier screening process is managed by the Procurement Management Unit (PMU). The screening process is an objective function within the unit that operates under JTI Supplier Screening Policy. This policy dictates how our suppliers are evaluated and selected to become part of the supply chain system. Our supplier screening system strictly governs how we procure through a tendering process or through the selection of a single-source procurement channel.

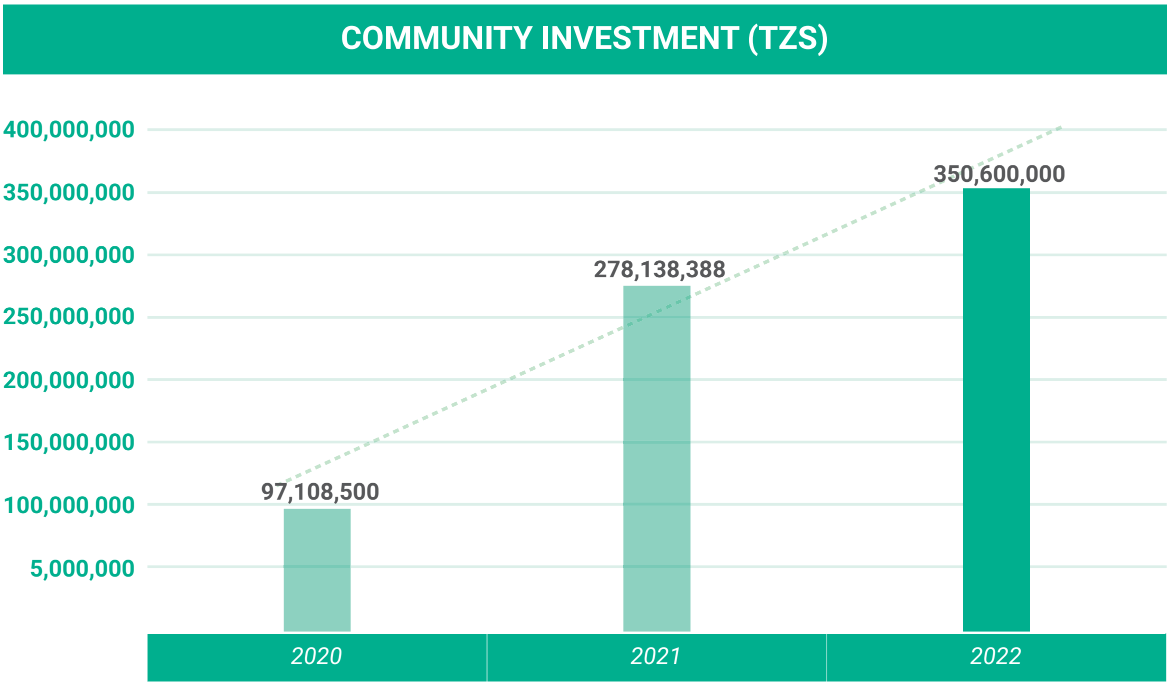
To establish accountability and transparency across our value-generating units, we have embarked on JTI's global platform where all our tendering and bidding activities are undertaken. The processes and results can be scrutinized at the group level. The scrutinization of vendors ensures that we maintain relationships with those providers who complement our sustainability vision as well as being ethical players in the market.

We understand the risks of having an independent contractor participate in tendering their expertise to us. This action may either enhance or damage the value that our supply chain generates causing potentially favourable outcomes or unforeseen risks.

3.4.3 COMMUNITY INVESTMENT

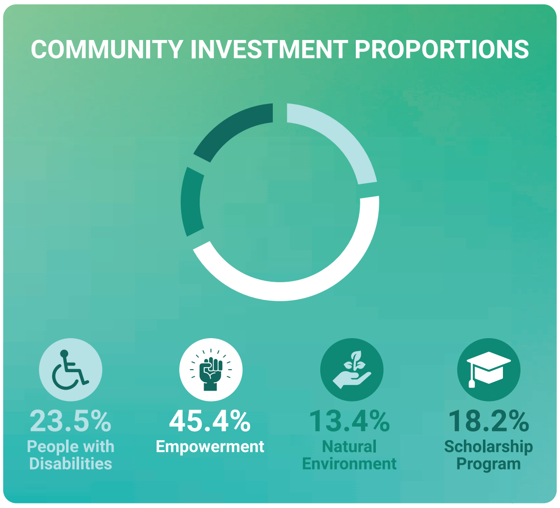
26.05% RISE IN CI BUDGET

FY2021: TZS 278.14M



Our community investment programs give us the chance to become involved and provide inclusive opportunities; thereby allowing all to thrive and play an active role in our society. Our community investment programs are a key element of the Sustainability Strategy which is an active part of the 4S Management Model.

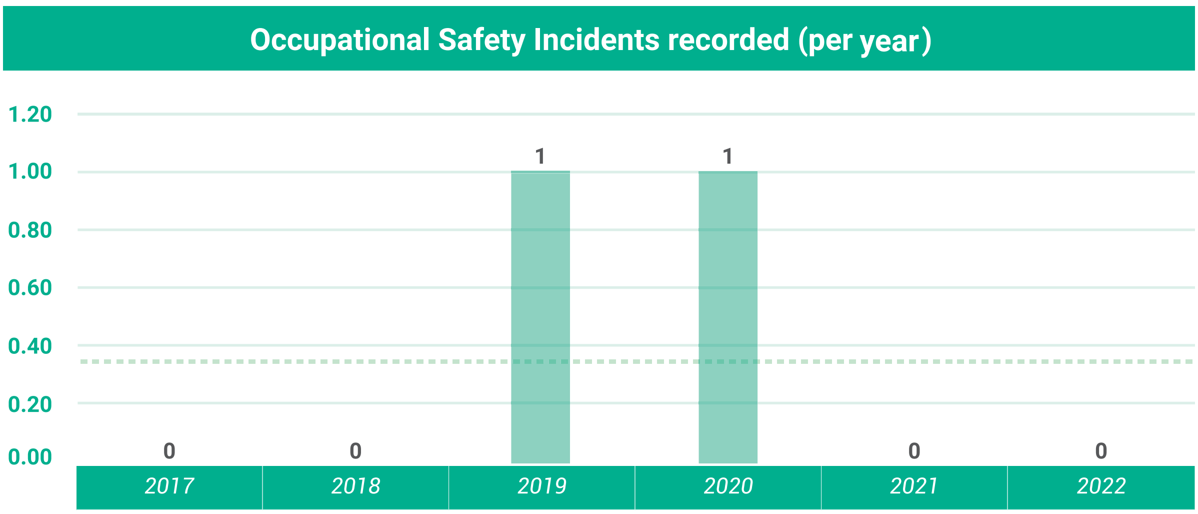
Every member of the community must be resilient to hardships, particularly those who are exposed to physical or mental disadvantages. We contribute back by providing access to opportunities and various resources that make them capable and voice respect for their rights as human beings.



3.4.4 ZERO INJURIES

0% INJURY RATE IN 2022

FY2021: 0%



We believe in providing an environment that is safe and conducive to work. Safety is a culture that has been embedded into our processes and in our surroundings. We firmly believe that nobody should be injured because of an accident in the workplace.

We are delighted to have reported a 0% injury rate in 2022 and continue to strive to maintain it by promoting internal health and safety campaigns across all our departments.

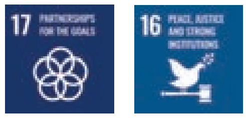
We engage our department leaders to initiate safety measures by taking the lead and being accountable for their actions; promoting a good understanding of safety measures amongst fellow peers and encouraging feedback for process improvement.

Safety Policies

Our internal occupational health and safety policy complies with the ISO 45001:2018 – Occupational Health and Safety which sets the minimum standard of practice to protect employees in organizations.

Our health and safety policy are designed for seamless integration into our management processes and accommodates flexibility, accountability and reporting. Our policy takes into consideration a risk-based approach that ensures its effectiveness by undergoing continual improvement cycles to meet our ever-changing risk portfolios. These include necessary reporting and management of people-related matters for the workplace as well as workplace-related matters on the ground.

3.5 GOVERNANCE ASSESSMENT



Our Governance, Risk and Compliance (GRC) structure pays particular attention to how we as a company can raise corporate values and achieve a sustainable growth in profitability between the medium term and long term.

Upholding a strong governance system allows us to ensure credibility, accountability and transparency in our operations and the deliverance of our roles within the society we are in. As a responsible public listed corporation in Tanzania, it is our continued effort to build sustainable long- term value that we are able to distribute towards our stakeholders.

3.5.1 COMPLIANCE AND INTEGRITY

We are committed to ensuring that we comply with the highest standards of business ethics. Our local and international training programs allow our people to discourage unethical behaviour such as corruption, money laundering or tax evasion. We understand how such practices create significant vulnerabilities in the country's economic, social and political environments.

It is as a result of our commitment to excellence that we were awarded as Tanzania's most compliant company in the year 2022 with regard to our taxation by the Tanzania Revenue Authority.

Policies and Accountability

JTI's Code of Conduct expresses the highest level of standards that we are required to commit and uphold, covering integral areas such as the prevention of financial crime, fighting bribery and corruption, conflicts of interest, respecting privacy and confidentiality and respecting economic sanctions and export controls are amongst some of the key areas within our policy. This policy works concurrently with our supplier standards which all vendors and suppliers are required to strictly abide by.

We conduct a detailed review of the Code of Conduct every year to ensure that it includes the latest changes in the risks profile. The most recent review of the Code of Conduct took place in the year 2022.

Our Anti-bribery and Corruption Policy

We are a zero-tolerance company towards bribery and corruption in business dealings we undertake throughout our supply chain.

No forms of facilitation are accepted either by giving or receiving in form of payment or gifts to public officials, suppliers, or vendors to speed up a routine service or provide approval toward an unacceptable quality or standard of a deliverable. In instances of business partner actions, we may terminate agreements with suppliers who has been found to be involved in any form of bribery and/or corruption in any form.

We conduct regular awareness programs to prevent such dealings and allow our members to understand the importance of not participating in any form of bribery or corruption activities.

3.5.2 RELATIONSHIPS WITH POLICY MAKERS

Transparent engagement is focused on improving dialogue and enabling us to share industry challenges with policymakers and better address their concerns.

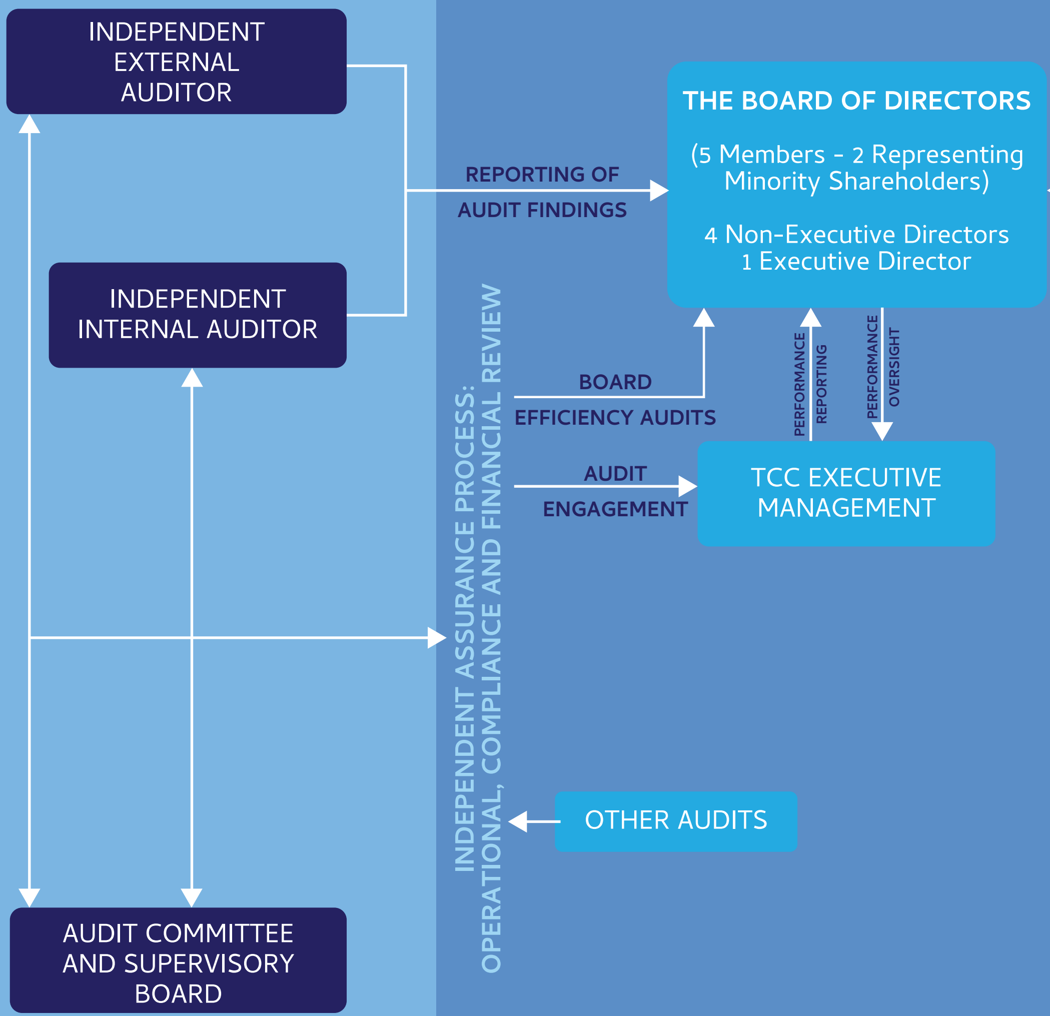
3.5.3 ILLEGAL TOBACCO TRADES

We are aware of the damage that illegal tobacco trade has on our business, the industry and the economic growth of the country. It also creates a significant impact on the government's ability to collect taxes. Our commitment to eliminate illegal tobacco trade remains strong.

Tackling the illegal tobacco trade requires cooperation and active engagement from various stakeholders and law enforcement agencies. As a leader in the tobacco industry, we strongly support the objectives and the principles of the Framework Convention on Tobacco Control which provides a guidance on how to eliminate the illegal trade in tobacco products.

Tanzania Medicine & Medical Devices Authority (TMDA) is the main institution in Tanzania responsible for the fight against illegal tobacco trade. Additionally, other Government bodies such as Tanzania Revenue Authority (TRA), Tanzania Bureau of Standards (TBS), and Tanzania Police Force (TPF) provide support in combatting and preventing illegal tobacco trade in the country.

4. CORPORATE GOVERNANCE STRUCTURE



Our corporate governance principles take into account independence and assurance to the highest possible level. It spans across wider impacts as it fundamentally focuses on improving transparency and accountability within our existing systems for the top of the decision - making panel.

80%

of the Board of Directors are non executive directors. This means that a proportion of 4 members of the board are non executive directors out of the 5 board of directors.

4.1 THE BOARD OF DIRECTORS

Our board currently contains six directors who come from a variety of backgrounds which complement the objective of the governance system that we have.

Clear-cut governance and management structures allow us as a company to serve our community and continue to pledge our commitment towards sustainability and building a community for the future of our generations to come. Our efforts have been recognized as champions of Governance and Leadership by the Association of Tanzania Employers in 2022.

Our board is supported by the proactive independent and outsourced internal audit function. Our corporate governance practices significantly align with the structure of our parent company, JTI. However, because we are publicly listed, our governance code also adheres to local regulatory requirements that comply with both DSE rules and CMSA guidelines and directives.

4.1.1 EFFICIENCY AND EFFECTIVENESS OF THE BOARD

The nomination committee is mandated by the board through the Nomination Committee Charter to conduct specific evaluations of each board member's contributions and the efficacy of the board. We take performance management as an integral part of our board's function. To ensure an impartial and a balanced assessment of the board's efficiency and effectiveness, we have considered an independent assessor to the board who will conduct the examination of the board's efficiency and effectiveness.

4.1.2 BOARD REMUNERATION

Our directors' remuneration packages and policies apply to the non-executives of the company which are established after conducting a remuneration survey in organizations with similar profiles to that of TCC PLC. Thereafter the remuneration levels recommended are sent by the board to the Annual General Meeting to be approved by the members. Currently, only Non-Executive Directors are paid a sitting and an annual director's fee during their service on the board.

What makes our remuneration policy special is its primary focus on creating long-term sustainability and alignment with the interests and expectations of our shareholders. We believe that this is an integral aspect when considering setting executive compensations in the context of senior workforce remuneration.

4.1.3 BOARD DIVERSITY

Our board of directors consists of members with a diverse mix of international and local industry experience and relevant professional expertise. The board comprises one executive director and five non-executive directors. Two Non-Executive Directors represent the minority shareholders. The board is led by the chair who is a non-executive.

The Board of Directors

Name	Position	Qualification	Nationality	Age	Appointed/ Resigned	Date Appointed/ Resigned/Retired
Paul Makanza	Chairman (Non -executive)	B. Com, MBA	Tanzanian	54	Appointed	August 11, 2020
Onesmo Makombe	Director (Non-executive)	MBA, Certified Public Accountant	Tanzanian	51	Appointed	April 23, 2021
Asina Omari	Director (Non-executive)	Master of Laws	Tanzanian	42	Resigned	October 24, 2022
Bertrand Tamisier	Director (Non-executive)	Master of Science in Business Administration, Certified Public Accountant	Swiss	55	Appointed	January 1, 2021
Johnny Ng	Director (Non-executive)	MBA	Chinese	47	Appointed	January 1, 2021
Takashi Araki	Executive Director/ CEO	B.A. Psychology	Japanese	51	Appointed	October 1, 2022

4.2 INTERNAL CONTROL SYSTEMS

4.2.1 QUALITY CONTROL FRAMEWORK

We have established, documented and implemented a quality management system needed for the product realization and effective production management. We ensure continuous improvement in its effectiveness in accordance with the requirement of ISO 9001 International standard, statutory and regulatory requirements. We aim to deliver quality brands, maximizing consumer and customer satisfaction through innovation, engaged employees, integrity and excellence in execution.

We use industry best practices which guide the sequence and interaction of these processes and the criteria and methods needed to ensure that both the operations and controls of these processes are effective. We continuously monitor the availability of resources and information necessary to support the production and operations of these processes through regular review of resource requirements.

Standardization of our production processes largely facilitate effective data quality assessment. Consequently, quality assurance comprises all measures that make sure that:

- Product quality requirements are explicitly documented
- Processes are defined and made known to all employees
- The correct implementation of the processes is monitored on a regular basis
- Product and process quality are continuously monitored and documented; and
- Process owners and employees are informed on production outputs

Total Quality Managament

The strategic core of our TQM model is continuous improvement of the organization including management systems and support processes. The most important point of reference is our user needs. Output characteristics and the design of our production processes are streamlined according to the requirements in terms of quality, time and cost.

Our quality standards and guidelines, self-assessment (internal audits) and processes review (external audits) provide useful opportunities to improve the quality of our products by addressing quality matters upfront to adjust elements of the event following gaps or changes in our processes.

We systematically monitor and evaluate specifications of input materials and the standards applicable to the various sections to guarantee the quality of our products and services against set standards of quality and respective performance indicators to maximize the probability of the standards being achieved. The systematic measurement of the performance of the various production processes ensures continuous process improvement.

ISO Certification	Title	Initial Registration
ISO 50001	Energy Management System	2018
OHSAS 18001	Occupational Health and Safety Assessment Series	2004 – 2019
ISO 14001	Environmental Management System	2004
ISO 45001	Occupational Health & Safety	Migrated from ISO 18001 in 2019
ISO 9001	Quality Management Systems	2004

4.2.2 DATA PRIVACY AND INFORMATION SECURITY

Our success relies on quality data and investment in research and development. We, therefore, understand the importance of ensuring proper handling, processing, storage and the use of data or information for the purpose of meeting our goals and objectives.

Our digital communication channels contain confidential and sometimes restricted information which must be always preserved. Any data leaks to unauthorized recipients have severe implications such as financial losses, competitive advantages and increased legal exposures.

We take such risks very seriously and drive all efforts to ensure these risks are well-managed and in most cases; prevented. One of our efforts in managing such risks was to introduce a centralized system of categorizing documents as General, Confidential or Restricted through our Information Security Classification System. These classification rules can be embedded into applications as common as the Office365 suite with a single click.

These rules are applicable to all digital data and information that has been created, processed, transferred and stored by us and must be implemented by all stakeholders who directly involve themselves with TCC PLC. These are employees, contractors and consultants assigned with information assets.

By implementing the Information Security Classification System, we have been able to track all types of information processed by users in the system, apply proper security measures to various information that flows within the system, create a system of user awareness on how different data and information be handled and reduce the risks of intentional or accidental unauthorized access to information.

Internal Trainings and Awareness Campaigns

We understand that cybercrime poses a significant threat to businesses having its presence in the digital landscape. TCC PLC is no different. Our efforts channel down to every individual in the company through active awareness campaigns and training that take place regularly as part of our education on information security practices.

4.2.3 FINANCIAL CONTROLS AND PREVENTION OF FRAUD

Almost all accounting fraud cases involving financial statement manipulation are a result of poor internal controls. Internal controls are the defence mechanisms which provide assurance to the board of directors, audit committee and senior management that the company's financial reporting standards are reliable and compliant with the applicable laws and regulations. The assurance of internal financial controls is provided in the Audited Annual Financial Statements.

Our culture of zero tolerance towards fraud is set at the top. We nurture a strong environment of internal controls with oversight from the top management. The culture of demonstrating ethical behaviour, commitment towards integrity and transparency, and leading by example begins with the senior management. All ethical principles, values and procedures are communicated across every level in the form of written policies, encouraged to be followed through training, reward systems and two-way feedback forms, and assured through independent internal and external audits.

4.2.4 RISK MANAGEMENT

Risk Management is an integral part of our company's governance system. Our reporting system is governed by internal risk management implementation frameworks that are guided by our group company.

We identify and closely monitor risks that could affect our operations and implement measures to both prevent them from materializing and minimize their impacts if they were to materialize. Our established risk management system is spread into four areas: Identification of risks, Assessment of Risks, Risk Response and Monitoring Risks.

PRINCIPAL RISKS AND UNCERTAINTIES

Fraud Risks	We understand the notable risk of fraud that may incur losses resulting from fraudulent transactions. As a result, we have formalized a few policies that will reduce the likelihood of fraudulent transactions: in addition to our in-house training and awareness programmes. Preventing Financial Crime Policy (PFCP), Know Your Customer Policy (KYCP) and Know Your Supplier Policy (KYSP) which have been designed, implemented, and strictly followed. These are monitored by the Chief Compliance Officer who applies the designated risk response to these risk areas.
Operational Risks	Every business has a designated risk profile when conducting business operations. These are normal during the business affairs. However, these risks can be damaging which may result in our activities not being conducted in accordance with the requirements of various company policies and international certifications which we are proud to showcase. These are managed within different departments according to the best responses.
Financial Risks	Our size and operations expose us to a variety of financial risks which result in various risk responses. More details of the financial risks that we are exposed to can be seen in our Audited Financial Statements for the year ending December 31 2022.

5. DEFINITIONS

Carbon Footprint	A carbon footprint is the total amount of greenhouse gases (including carbon dioxide and methane) that are generated by a Carbon Footprint company's process (in this case, TCC PLC).
Climate Change	Climate change is a long-term change in the average weather patterns that have come to define Earth's local, regional, and global climates.
GHG	Greenhouse gases, or GHGs, are compound gases that trap heat or longwave radiation in the atmosphere. Their presence in the atmosphere makes the Earth's surface warmer which contributes towards global warming.
Net Zero	Net Zero is the balance between the amount of greenhouse gas produced and the amount removed from the atmosphere. We reach Net Zero when the amount we add is no more than the amount taken away.
Renewable Energy	Renewable energy is energy that is collected from renewable resources that are naturally replenished on a human timescale. It includes sources such as sunlight, wind, the movement of water, and geothermal heat.
Supply Chain	A supply chain is the network of all the individuals, organizations, resources, activities, and technology involved in the creation and sale of a product. A supply chain encompasses everything from the delivery of source materials from the supplier to the manufacturer through to its eventual delivery to the end user.
Value Chain	A value chain is a process that describes the full chain of a business's activities in the creation of a product or service from the initial reception of materials all the way through its delivery to market, and everything in between.

6. ABBREVIATIONS

CMSA	Capital Markets & Securities Authority
CO_2	Carbon Dioxide
DSE	Dar es Salaam Stock Exchange
ESG	Environmental, Social and Governance
GHG	Greenhouse Gas (Emissions)
GRC	Governance, Risk Management and Compliance
ISO	International Organization for Standardisation
JTI	Japan Tobacco International
KPI	Key Performance Indicators
kW	Kilo-Watts (unit of Power)
NED	Non-Executive Director
Plc	Public Limited Company
PMU	Procurement Management Unit
PWD	People with Disability
SDG	Sustainable Development Goals
SWOT	Strengths, Weaknesses, Opportunities, Threats
TBS	Tanzania Bureau of Standards
TCC	Tanzania Cigarette Company
TMDA	Tanzania Medicine & Medical Devices Authority
TPF	Tanzania Police Force
TRA	Tanzania Revenue Authority
TQM	Total Quality Management
TZS	Tanzanian Shillings
UN	United Nations