

JTI BUSINESS IN RUSSIA

Presentation at St.Petersburg area
investment webinar

11 November, 2021

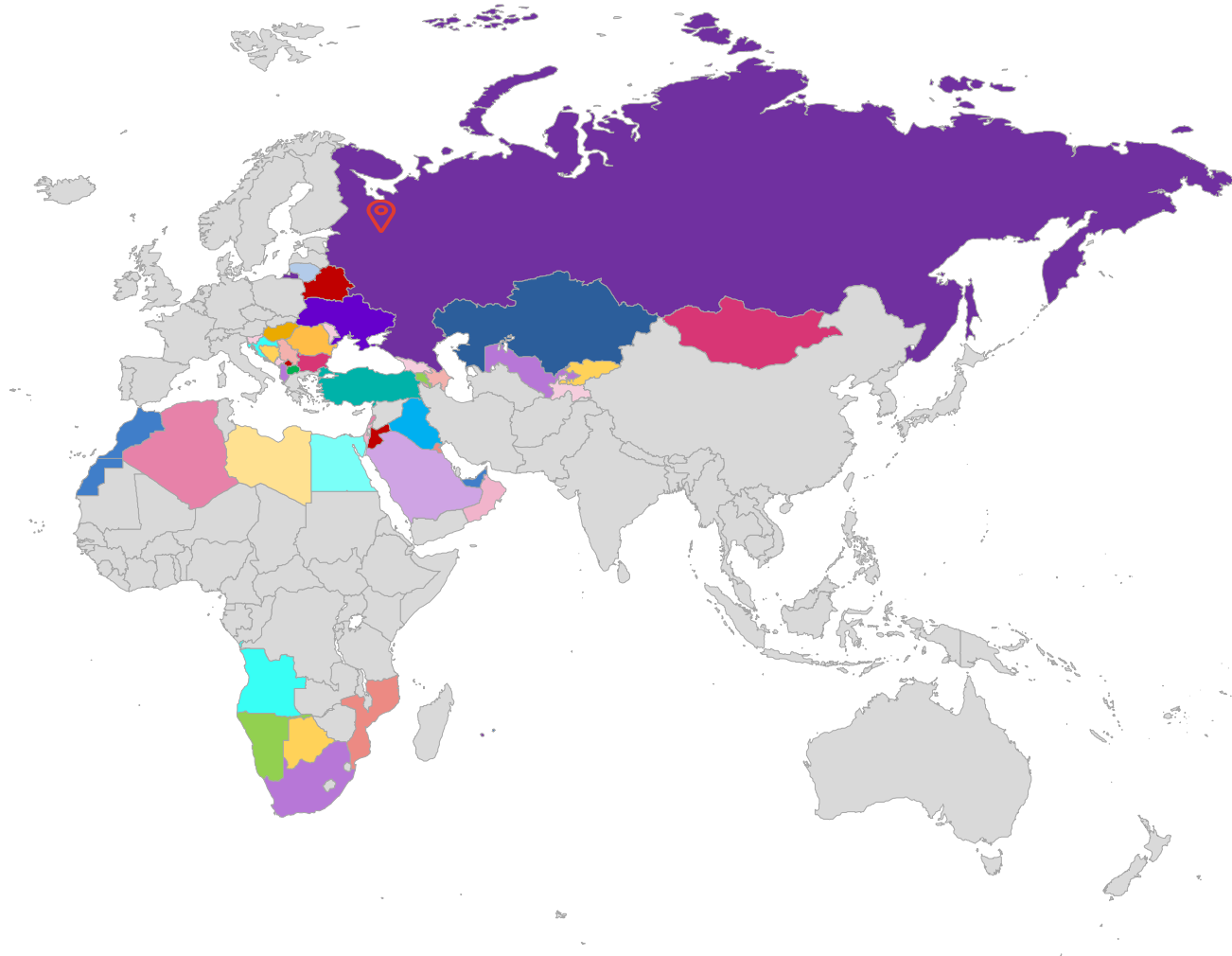
JTI in Russia

Key facts

- JTI has been operating in Russia since the creation of the company in 1999, when Japan Tobacco acquired the non-American business of US-based R.J. Reynolds.
- HQ is located in Moscow, and circa 70 offices and detached units locate across Russia
- Also, 4 JTI production sites operate in Russia, including two cigarette factories
- About 4,500 people work in JTI offices and factories in Russia
- Over the past 20 years its investments in the Russian economy have exceeded \$4,6 billion.
- In 2020, the company's tax payments provided 1,4% of the total revenue of the Russian Federation state budget
- Major FMCG company in Russia by sales value and tax contribution
- In 2021 JTI recognized as the Top Employer in Russia



Global Business Service (GBS) Center



- Launched in 2020 despite COVID-related challenges
- Over 3 bln RUB of investments
- Over 400 jobs
- One of 3 global operational hubs
- Deliver services to over 40 JTI markets globally
- Process, support, consult on a wide scope of business activities for Sales, HR, Finances, Procurement

Petro Factory



- Address: 71, Petergofskoye Shosse, St Petersburg 198206
- Number of employees : 1,121 (as of November 01, 2021)
- Manufactures: Cigarettes
- Destinations: Russia (domestic), Eastern and Western Europe, Asia, Middle and Near East, Africa
- Petro is a leading production facility for JTI globally

History of Petro Factory



1852

The Laferm Tobacco Factory was founded



1918

The company was nationalized and then renamed First State Factory named after Uritsky



1992

Establishment of R.J.R. Petro



1998

The factory moved to Krasnoselsky District and was renamed Petro



1999

Petro became part of JTI



2002, 2004

Certification under ISO 9001-2000, ISO 14001 and OHSAS 18001



2008

Ultra-high speed equipment installed (20,000 cigarettes per minute)

© JTI



2013

The trillionth cigarette was produced at the factory



2014

JTI's total investments to Petro reached \$1 billion



2017

Certification under ISO 50001. Signing of the Green Code.



2021

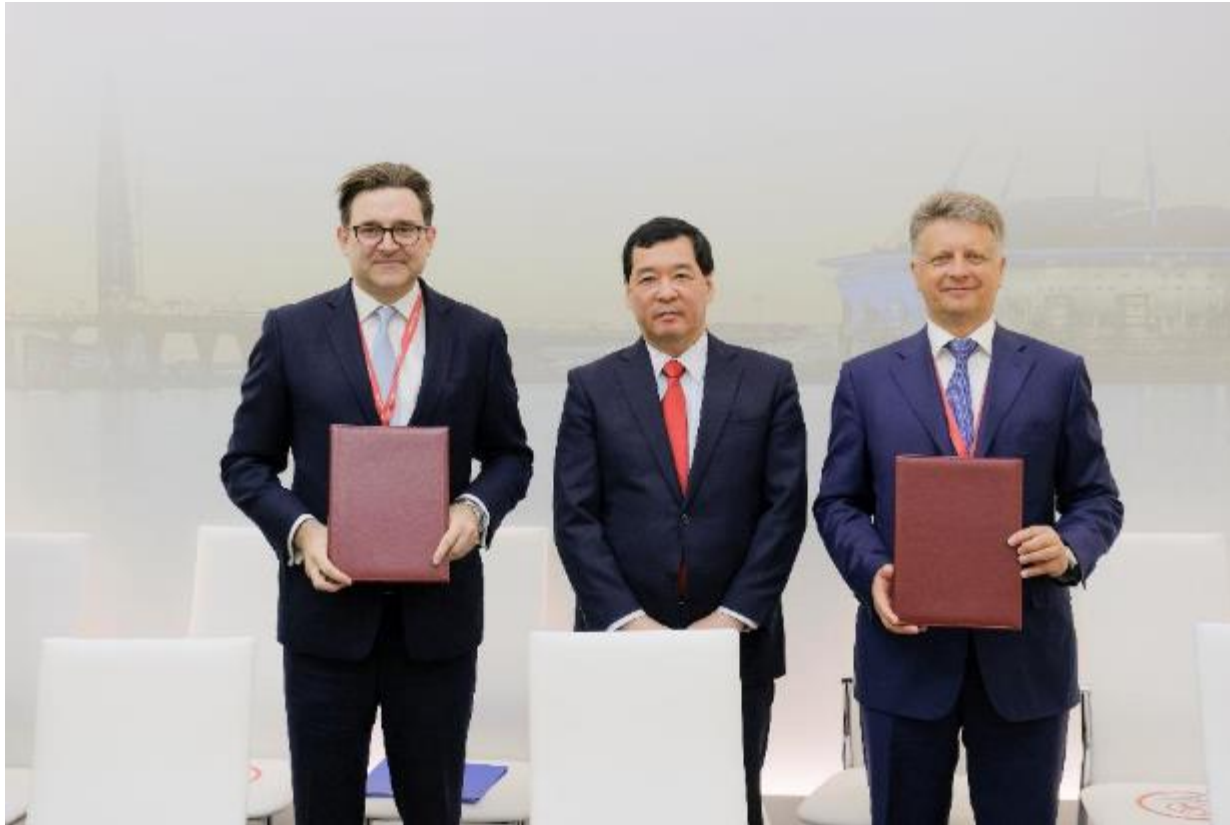
JTI was recognized as one of the biggest taxpayers in St.Petersburg



2021

JTI signed MoU with the St.Petersburg Government for 7 bln Rub. investments into Petro modernization

Newest investment project in Petro Factory



- On June 4, 2021 JTI signed the MoU with St.Petersburg city that **JTI will invest at least 7 billion rubles** to upgrade its manufacturing operations to include innovative products
- JTI plans to modernize production by launching innovative lines and ensuring the localization of innovative products manufacturing in Russia. With this, **JTI will create 70 new highly qualified jobs** and ensure a stable and timely tax revenues to the budget of the Russian Federation

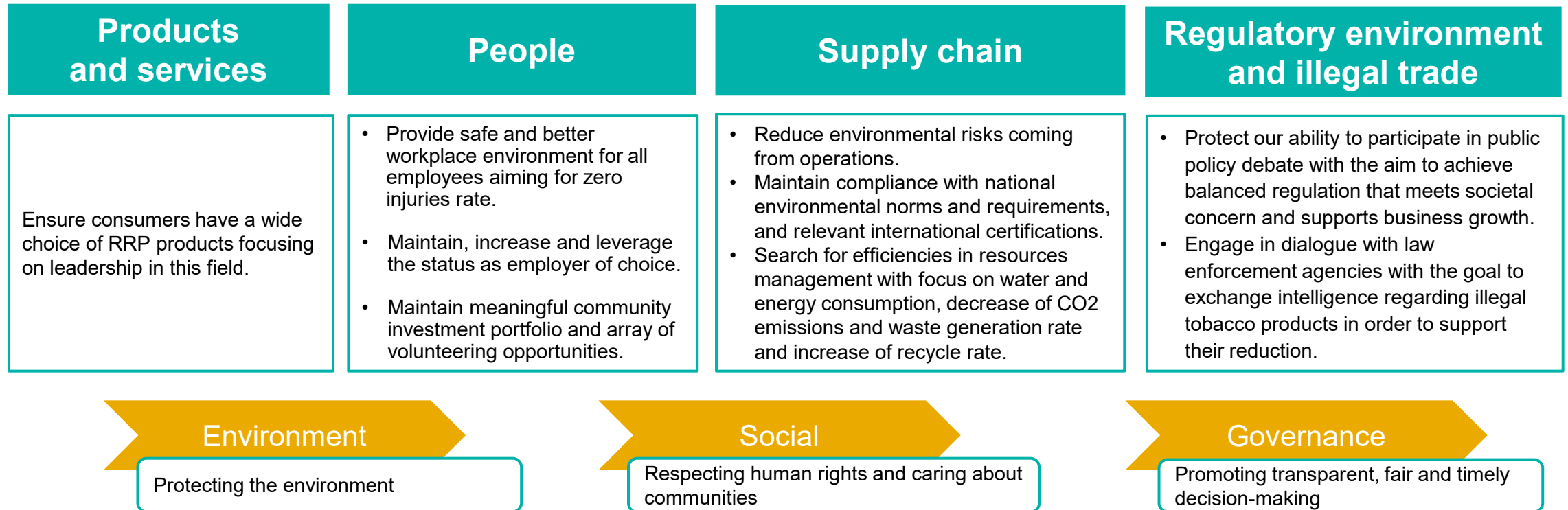


Sustainability, Russia



Create and deliver meaningful sustainability agenda in the Russian market to maintain and grow JTI Russia's credentials as a responsible business, respond with a best practice approach to external environmental challenges and contribute to the JT Group Sustainability targets.

JTI Russia sustainability agenda is based on global corporate goals and ESG criteria:



Environmental protection

Key activity areas, Petro factory



Energy efficiency improvement



Reduction of greenhouse gas emissions



Air treatment, reduction of odor intensity



Wastewater treatment



Separate waste collection and recycling



Volunteer eco-campaigns

> USD 15,5 mln

invested in environmental projects over the past six years

22%

decline in energy consumption*

21%

decline in carbon dioxide emissions*

22%

waste reduction*

~ 72%

waste recycling rate

Green Code: Environmental safety commitment

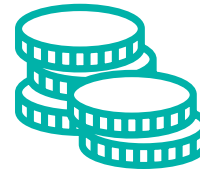
- **The Green code was initiated by JTI Petro factory** with support of the St. Petersburg International Business Association (SPIBA) and the Standing Committee on Ecology and Nature Management of the Legislative Assembly of St. Petersburg on March 23, 2017.
- The core principles of Green code are to comply with environmental laws, be willing to adopt the best available technologies, ensure sustainable use of resources and minimize environmental impact. **JTI Petro and the beer company Baltika were the first who signed the Code in 2017.** In December 2019, the initiative expanded to Lipetsk region and 5 companies including JTI Yelets factory joined.
- By April 2021, 19 companies in total, including Siemens, Coca-Cola, IKEA became the participants of the Green Code in St Petersburg.



Community Investment

Key activity areas

- **Social rehabilitation & engagement:** providing opportunities to develop and enjoy life for less-privileged, including older people, and people with disabilities
- **Arts & culture accessibility:** overcoming boundaries experienced by people with disabilities, challenged income or geographical remoteness in accessing art
- **Education:** promoting diversity of thought and knowledge sharing
- **Natural environment:** realization of careful and meaningful eco-projects in the regions of JTI presence



USD 92 mln
*(1999-2020)



19 partnerships



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