



KT&G SUSTAINABLE AGRICULTURE POLICY



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Overview

KT&G Corporation(hereafter “KT&G”) pursues shared growth, which aspires a life closer to perfection with society at large and sustainable future. Based on sustainable agricultural policy, we aim to fulfil social responsibilities towards building a sustainable industrial ecosystem in running our day-to-day business and commit to drive shared growth with farmhouses who supply raw materials to the Company.

Purpose

KT&G places best efforts to comply with all related laws and regulations, treat employees with respect, guarantee safe work environment and engage in business activities in an ethical manner. KT&G also expects all raw material farmhouses included in the Company’s supply chain and their partners to take their social, environmental and ethical responsibilities to the fullest. It is to this end the Company established sustainable agricultural policy(hereinafter “the policy”).

Scope of Application

The policy applies to KT&G and affiliates including the Company’s domestic and overseas subsidiaries. Farmhouses that supply raw materials to KT&G and secondary suppliers are also advised to be part of the policy. We expect all farmhouses to cooperate with us on a sustainable basis so that they can uphold policy principles and implement farmhouse management program in good faith. This policy is reviewed by the ESG Committee, a committee within KT&G’s BOD, and related issues are being discussed.

Basic Principles

KT&G observes and executes the followings in good faith in order to build a sustainable industrial ecosystem and maintain collaborative relations with farmhouses that supply raw materials to the Company.

① Minimization of Environmental Impact and Support for Greenhouse Gas Reduction

Strongly recommend farmhouses to minimize environmental impact in the farming and cultivation stages of raw materials such as leaf tobacco and ginseng and provide support to reducing greenhouse gas emissions based on savings in energy consumption.

② Efficient Use of Water

Expand water saving technologies or financial support to farmlands exposed to high water risk, thereby contribute to creating an environment conducive to efficient use of water for all farmhouses.

③ Biodiversity Management

Share information on biodiversity with farmhouses growing raw materials to help them understand impact of KT&G’s supply chain on the ecosystem and manage it.

④ Protection of Soil Health

Provide guidance on cultivation throughout the year including soil management to support clean growth and cultivation of raw materials.

⑤ Others

- KT&G will provide guidelines(STP*, SGP** etc.) to secure the foundation for sustainable raw material sourcing, thereby ensure sustainability of raw material cultivation.
- KT&G will respect all farmers producing raw materials and will make efforts to prevent any act that infringes human rights.
- KT&G will introduce rigorous standards from the stage of soil management prior to cultivation to the stage of raw material procurement that is beyond what is required by government regulations. This will serve as the basis for the Company to assess safety of raw materials and to improve their quality on a sustainable basis
- KT&G will go after shared growth with farmers by engaging in healthy and collaborative relations and by supporting them to produce high-quality raw materials in abundance.

* Sustainable Tobacco Program

** Sustainable Ginseng Program

Any revision in the policy will be uploaded on KT&G’s official website for access to all. As always, KT&G will keep taking the lead in observing sustainable agricultural policy as a company that fulfills its social responsibilities and pursues sustainable growth and ESG management.

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Latest revision · —

Department · ESG Planning Team of
Strategy & Planning HQ