



SUSTAINABILITY REPORT 2021



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FIND OUT MORE



ANNUAL REPORT

Our 2021 Annual Report addresses our financial performance, strategic execution and other important aspects of our business operations.

[READ THE REPORT](#)

REMUNERATION REPORT

Our Remuneration Report includes an overview of the total remuneration received by the Board of Directors and Executive Management.

[READ THE REPORT](#)





INTRODUCTION FROM CEO NIELS FREDERIKSEN

A CONTINUING JOURNEY

When Scandinavian Tobacco Group decided in 2019 to reboot and lift our sustainability work, we knew we had set out on an important and multi-year journey that would call for careful self-analysis, the creation of new and more robust capabilities, honest dialogue with key stakeholders and, key to any journey, a strategy to provide a road map for our work.

We continued to make solid and steady progress in 2021 in advancing our sustainability strategy. Across all of our four Focus Areas – People and Communities, Planet, Ethics, and Governance – we have now either launched new activities or are reviewing existing ones to ensure we have the policies, metrics and, where necessary, targets in place to deliver impact for our material stakeholders. This despite the fact that COVID-19, as we enter 2022, is unfortunately still with us and in some areas again forced us in 2021 to reprioritise activities as we made every available effort to keep our people safe and secure in their work.

We achieved an important milestone in 2021 with the first Group-wide measurement of our energy consumption and CO2 equivalent footprint for 2020

and 2021, expressed as Scope 1 and 2 emissions. We also in 2021 began experimenting with several initiatives that we believe will provide us with multiple options to better manage and reduce our carbon emissions moving forward.

Of course, journeys are made of more than a single milestone, and they require constant assessment of effort and direction. We recognise there are still important questions we need to answer regarding Scandinavian Tobacco Group and sustainability. And as our sustainability work and awareness have grown, so have our ambitions, as have the expectations of our key stakeholders and partners.

Our first sustainability strategy (originally our CSR strategy) was designed to guide us through the period 2020-2022, and as we enter 2022 we have been asking ourselves what is needed to provide a necessary step-change to our work. What are the Group's ambitions for sustainability, both internally and in relation to our customers, consumers, competitors and peers? How can we accelerate the integration of sustainability into our business and ensure that it is visible in and aligned with our Rolling Towards 2025 business strategy?

We have already begun work with internal and external stakeholders and partners to answer these

and other questions, answers that will be provided in form of a new and upgraded sustainability strategy in the first half of 2022.

As we complete that work, this year's 2021 Sustainability Report adheres to our 2019-22 sustainability strategy format, where we update on our progress across our four focus areas and showcase our key sustainability initiatives. We also, as always, try to be transparent regarding where we see gaps in our efforts and in our views regarding how to address them.

Our sustainability journey thus continues, and I am both satisfied with the progress we made in 2021 and even more excited about what 2022 will bring. As always, we remain committed to sharing our growth and progress along that journey.

Niels Frederiksen
President and CEO





ABOUT THIS REPORT

This report addresses the following content:

OUR BUSINESS

Scandinavian Tobacco Group's vision is to be the undisputed, global leader in cigars. This section describes how our business is structured, provides a high-level overview of our value chain and how it intersects with our sustainability agenda, and provides background for how the Group, as a tobacco company, is regulated. We also in this section offer our views on tobacco, responsibility and smoking.

OUR SUSTAINABILITY STRATEGY

The Group adopted its first sustainability strategy (originally our CSR strategy) in 2020 for the period 2020-22. This section provides a description of the key elements of our strategy and describes our material stakeholders and issues.

OUR FOUR STRATEGIC FOCUS AREAS

This section introduces the four Focus Areas that form the core of our sustainability strategy. Dedicated sections for each Focus Area follow and explain our policies, key initiatives and progress made in each during 2021. Our four Focus Areas are:

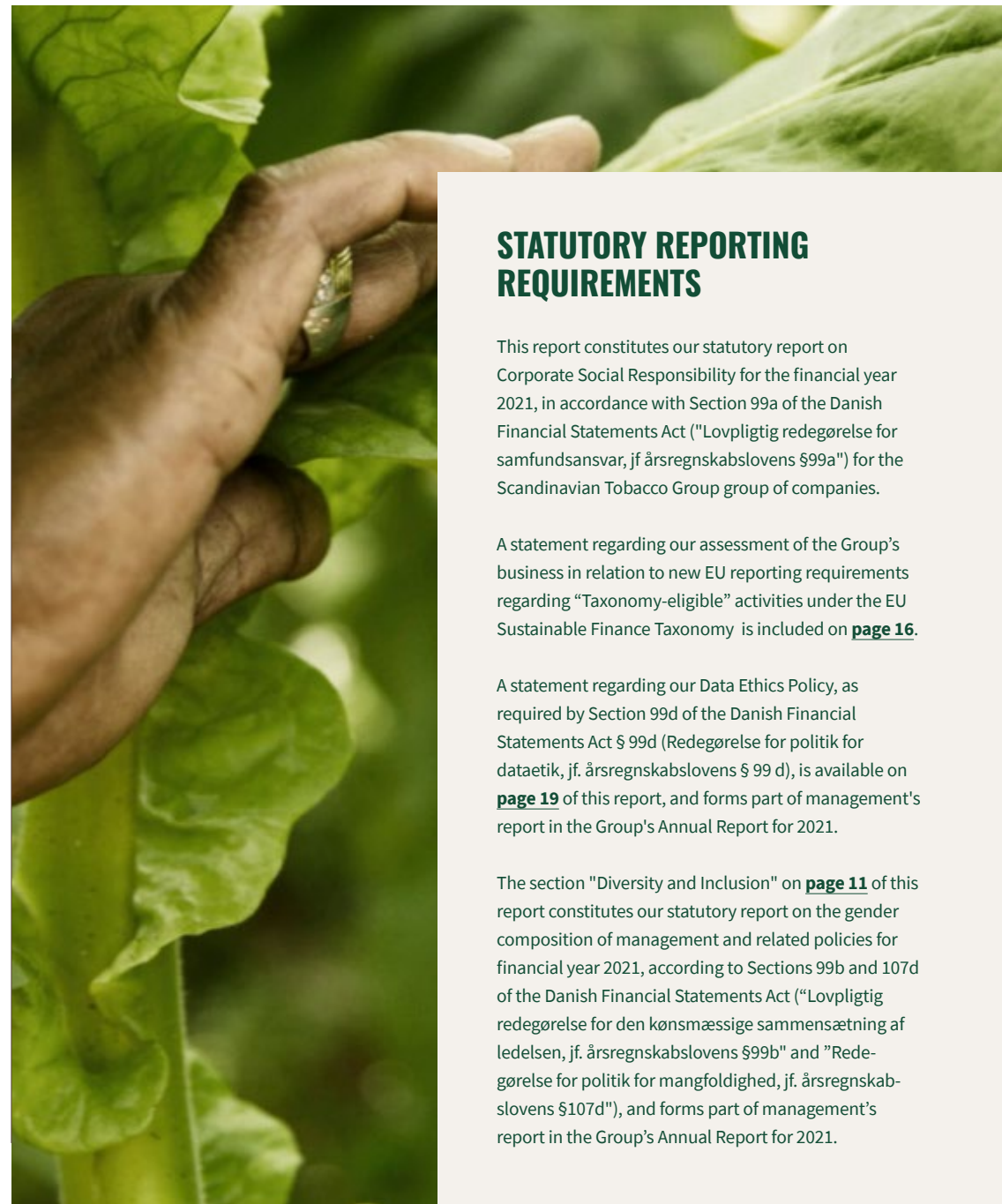
- **People and Communities** – including important considerations like how we maintain safe and inclusive workplaces.
- **Planet** – looking at how our business impacts our environment and climate.
- **Ethics** – addressing how we live our values.
- **Governance** – explaining our approach to the policies and practices in our business.

OUR STRATEGY AND THE UN SUSTAINABLE DEVELOPMENT GOALS (SDGS)

This part of the report contains an overview of how our individual Focus Areas map to key SDGs where we believe we can have an impact.

KEY ESG DATA

While we have included many key metrics in the body of the report and continue to do so this year, we have also added to this year's report a concluding table containing all of our key Environmental, Social, and Governance (ESG) metrics that are often requested by external stakeholders.



STATUTORY REPORTING REQUIREMENTS

This report constitutes our statutory report on Corporate Social Responsibility for the financial year 2021, in accordance with Section 99a of the Danish Financial Statements Act ("Lovpligtig redegørelse for samfundsansvar, jf årsregnskabslovens §99a") for the Scandinavian Tobacco Group group of companies.

A statement regarding our assessment of the Group's business in relation to new EU reporting requirements regarding "Taxonomy-eligible" activities under the EU Sustainable Finance Taxonomy is included on [page 16](#).

A statement regarding our Data Ethics Policy, as required by Section 99d of the Danish Financial Statements Act § 99d (Redegørelse for politik for dataetik, jf. årsregnskabslovens § 99 d), is available on [page 19](#) of this report, and forms part of management's report in the Group's Annual Report for 2021.

The section "Diversity and Inclusion" on [page 11](#) of this report constitutes our statutory report on the gender composition of management and related policies for financial year 2021, according to Sections 99b and 107d of the Danish Financial Statements Act ("Lovpligtig redegørelse for den kønsmæssige sammensætning af ledelsen, jf. årsregnskabslovens §99b" and "Redegørelse for politik for mangfoldighed, jf. årsregnskabslovens §107d"), and forms part of management's report in the Group's Annual Report for 2021.



OUR BUSINESS

Scandinavian Tobacco Group is headquartered in Copenhagen, Denmark and has a global sales and production presence. In our key US market, the Group has offices in Bethlehem, Pennsylvania and Richmond, Virginia, respectively.

In 2021, the Group had production sites in Denmark, Belgium, the Netherlands, Indonesia, Sri Lanka, Nicaragua, Honduras, the Dominican Republic, and the United States.

Scandinavian Tobacco Group's business model involves the manufacturing and sale of tobacco products. These are produced with tobacco and other materials from third party suppliers all over the world and include cigars, pipe tobacco and fine-cut tobacco.

The Group, in late 2020, launched a new five-year business strategy, Rolling Towards 2025, to guide us in

our ambition of becoming the undisputed, global leader in cigars.

OUR VALUE CHAIN AND SUSTAINABILITY

As a tobacco company focused first and foremost on the production of cigars, our value chain extends from tobacco fields across the globe to production sites on three continents and further on to world-wide distribution networks that provide our products to consumers purchased in both retail and online settings. Each link in this value chain involves important considerations regarding sustainability:

Leaf Procurement: Scandinavian Tobacco Group does not own or operate tobacco farms, we instead purchase our leaf from dozens of sources, ranging from large multinational wholesalers/distributors to smaller suppliers.



52
nationalities represented
by our employees globally

Our primary focus in this step of the value chain, representing the primary risk, is to do everything we can to ensure our products do not contain tobacco grown, harvested or processed using child labour, and we are active in multi-stakeholder efforts to eliminate child labour in the tobacco supply chain. We also wish to ensure that our suppliers apply safe and proper conditions for their employees. These efforts are described in the Ethics Focus Area section of this report.

Transport, Shipping, and Production: We have a global supply chain with 14 manufacturing sites and we endeavor to strategically place production close to both tobacco growers and consumers. Sourcing tobacco globally necessarily means that some international transport and shipping of sourced leaf to our production sites in Latin America, Asia and Europe is unavoidable. Handmade cigars are produced in the Dominican Republic, Honduras and Nicaragua, while machine-rolled cigars are produced primarily in Europe, the Dominican Republic and Indonesia. Pipe tobacco and fine-cut tobacco are produced in Denmark.

The Group is in the midst of a multi-year effort to further optimise our production and supply chain and we have now begun the work of measuring and, ultimately, reducing, our CO₂ footprint and the risks associated with emissions, energy use and their environmental impacts. More information regarding Group CO₂ emissions and our broader production environment and sustainability impacts is described in the Planet Focus Area section of this report.

8,500

of our employees have had
our products in their hands
through the process



Sales and Marketing: Our products are sold in approximately 100 markets across the world via the Group's own sales companies and through third party importers. In the US, we conduct direct sales to consumers online and via catalogues and, in the US as well as in a few European markets, we also have direct-to-consumer sales in brick and mortar shops.

Our sustainability focus here is on the ethical marketing of our products and ensuring that we meet or exceed compliance with all local laws and regulations, particularly to reduce the risk of our products being consumed by those not of legal age. Our marketing practices are described in the Ethics Focus Area section of this report.

Our People: Scandinavian Tobacco Group employs approximately 10,000 people worldwide in production, sales, management and other functions to cover this extended value chain.

Here our sustainability focus is on providing safe and productive workplaces for our employees that keep them engaged in their work. We also seek to provide some additional support to production employees in locations where educational or health services may not be fully available. These efforts are detailed in the People and Communities section of this Report.



OUR APPROACH TO TOBACCO AND SMOKING



TOBACCO AND RESPONSIBILITY

Scandinavian Tobacco Group acknowledges the health risks associated with smoking as we have described in "Our View on Smoking" (see box below). This is a fundamental premise for how we conduct our business. We have for many years had our own Marketing Principles that ensure that we develop, market and promote our products not only in accordance with the law but also in alignment with these basic beliefs.

OUR VIEW ON SMOKING

Smoking is for adults only, and the health risk must be taken seriously by everybody. Every smoker should balance the pleasure of smoking against the risk involved, and then make a personal choice whether to smoke or not. We do not work to increase the number of smokers or to grow the total market for tobacco. We grow our business by growing our market share and by encouraging smokers to choose our products and categories over those of competitors.

TOBACCO REGULATION

Tobacco is one of the most heavily-regulated industries globally and the tobacco regulatory landscape is marked by frequent change. Some tobacco-related regulation is designed to ensure consumers are aware of the health risks associated with smoking (health warnings), while other regulation is designed to ensure that tobacco is enjoyed only by adults (age limits on sales and restrictions on the promotion and display of products). The sale of tobacco is also regulated

through the use of excise taxes, which influence how much consumers pay for tobacco products.

Not all tobacco products are the same and they are often regulated differently according to product category. Cigars and pipe tobacco typically account for less than 3% of the global tobacco market and, unlike cigarettes, are typically enjoyed by older consumers and on a less-frequent basis than cigarettes. Indeed, according to information published in the European Union in 2021¹, fewer than 2% of

smokers in the EU consume cigars, cigarillos, or pipe tobacco on a daily basis (as opposed to 69% for cigarettes).

Many regulators globally have recognised the distinct consumer profile of cigars and pipe tobacco and regulate them differently.

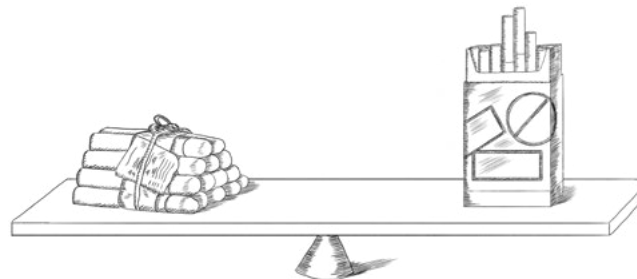
Scandinavian Tobacco Group works to engage responsibly and ethically with regulators to ensure that tobacco regulation is evidence-based and proportionate. We conduct this dialogue both as Scandinavian Tobacco Group and through a number of national and regional industry associations where we are a member. When we do advocate for changes to new or existing regulations, we do so transparently and in full compliance with local law.

2%

only 2% of smokers in the EU consume cigars, cigarillos or pipe tobacco on a daily basis

69%

69% of smokers in the EU consumer cigarettes on a daily basis



1) EU27 + UK, source: European Commission, Directorate-General for Health and Food Safety, Support Study to the report on the application of Directive 2014/40/EU : Final Report, Publications Office, 2021, <https://data.europa.eu/doi/10.2875/161406>, Page 256.

“
Scandinavian Tobacco Group works to engage responsibly and ethically with our regulators to ensure that tobacco regulation is evidence-based and proportionate
 ”



OUR SUSTAINABILITY JOURNEY

OUR SUSTAINABILITY STRATEGY

Responsibility is embedded in Scandinavian Tobacco Group's core values and how we do business. The Group has for many years been active with education and health-related efforts in the communities where we make and sell our products.

In 2019, our Executive Board decided to strengthen the Group's focus on Corporate Social Responsibility through a new governance structure and launched a process to create the Group's first CSR strategy, now our Sustainability Strategy, which was approved in June 2020, covering the period 2020-2022.

Our sustainability work is governed by our Executive Board, with close oversight by both the CEO and CFO. A member of the Executive Board, our Senior Vice President for Strategy and Transformation, has day-to-day responsibility for our sustainability programme and integration into our broader business strategy, while other individual Executive Board members hold responsibility for key initiatives within their areas of responsibility. Our Head of Sustainability coordinates activities such as strategy development and targets, follow through in different focus areas and activities, and producing the annual Sustainability Report.

As our original strategy covered the period 2020-2022, we have already begun work on an updated

Sustainability Strategy, to be released in the first half of 2022. We expect this strategy both to reflect the learnings we have gathered during our initial strategy period and to signal a step-change in our approach to sustainability, both in terms of overall strategy scope (i.e. the inclusion of additional material issues) and in level of ambition.

OUR SUSTAINABILITY STAKEHOLDERS AND MATERIAL ISSUES

Our key stakeholders include:

- Our Employees
- Our Leadership
- Shareholders/Investors/Financial Partners
- Potential Employees
- Regulators

Key stakeholder interviews were further used to identify our material issues, which our Steering Committee also reviewed, validated and ranked, noting their importance both to the Group and to our key stakeholders.

Our key material issues include:

- Workplace health and safety
- Environmental and climate impacts
- Anti-child labour policies
- Ethical business behavior
- Good governance
- Employee engagement, equal opportunity and diversity

Clusters of similar material issues were grouped thematically to identify and select our four Focus Areas, each with associated ambitions and priority activities.

We have also mapped our four Focus Areas and activities to relevant UN Sustainable Develop Goals where Scandinavian Tobacco Group believes it can have a material impact. An overview of this mapping is provided on [page 22](#).

OUR FOUR STRATEGIC FOCUS AREAS

Our four Focus Areas form the core of our strategy and are meant to give direction and coherence to our sustainability work. We have identified priority areas for activity in each of our four Focus Areas.

Activities in our People and Communities Focus Area include promoting employee health and safety, advancing diversity and inclusion, maintaining strong employee engagement and working with the communities where we make and sell our products.

In our Planet Focus Area, key activities include managing our resource use, waste and associated impacts on the environment. We are also now seeking to better understand and mitigate our climate impacts by measuring, reporting and addressing our Scope 1 and 2 CO₂ equivalent emissions.

Within the Ethics Focus Area, we seek to ensure our employees maintain high ethical standards and respect human rights, while engaging to address child labour in our tobacco supply chain.

And, in our Governance Focus Area, we wish to maintain responsible marketing principles and work to continuously uphold our zero tolerance principles against corruption.

Key policies, actions and results related to each of these four Focus Areas follow.



OUR STRATEGIC FOCUS AREAS

Our four Focus Areas form the core of our Sustainability Strategy and are meant to give direction and coherence to our work. We have identified priority activities in each of our four Focus Areas.



PEOPLE AND COMMUNITIES

How we engage with our employees and the communities where they work and live

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PLANET

How we work to ensure sustainable production

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ETHICS

How we promote responsible actions in our business and industry

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GOVERNANCE

How we embed strong oversight and transparency in our business

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PEOPLE AND COMMUNITIES



PEOPLE AND COMMUNITIES

PLANET

ETHICS

GOVERNANCE

-59%

Our overall accident rate decreased in 2021 by 59% when compared to 2020



We do not tolerate any kind of discrimination

We work to protect labour rights and ensure safe and secure working environments

50%

Four out of eight of the members of our Executive Board are women

PEOPLE AND COMMUNITIES



OUR POLICIES



Our employees are the foundation for our success and their well-being is critical to us. We want all of our employees to enjoy safe and healthy working conditions and we actively work to reduce the risk of accidents and work-related illnesses.

We also believe that our employees should be treated with respect, trust and dignity. No form of discrimination is tolerated and we embrace everyone irrespective of gender, nationality, age, religion, race, ethnicity, political opinion, union membership, sexual orientation, disability, health status or any other characteristic.

We value the dialogue and collaboration with our employees and aim to apply good labour practices in all our operations. We respect that our employees have freedom of association, the right to be represented by a union and the right to bargain collectively. Terms of employment and working conditions, as a minimum, must always comply with local law, including any law on minimum wage.

-59%

Our overall accident rate decreased in 2021 by 59% when compared to 2020, even as productivity increased.

ACTIONS AND RESULTS

HEALTH AND SAFETY MANAGEMENT

Employee safety is a top priority for the Group and a central component of our Group Environment, Health, and Safety (EHS) Programme.

As part of our general EHS production site audit cycle, safety audits identify work processes, policies, equipment or training gaps which might pose a risk to employees. If gaps are found we proceed to identify root causes and conduct structured analyses and problem-solving using Lean tools and techniques.

COVID-19

In 2021, Scandinavian Tobacco Group continued to cope successfully with disruptions from the COVID-19 pandemic. For the second year running we made it a priority to keep our employees safe from COVID-19 while maintaining critical business operations.

While our regular EHS production site audit cycle was again disrupted in 2021 due to the continuing impact of COVID-19 on international travel (audits are conducted with teams comprised of staff from multiple countries), the Group took sustained action across production and non-production sites to keep our employees safe and their jobs secure.

In particular, we invested in local safety initiatives, knowledge and training, with a focus on continuous improvement across safety and environmental management using Group Lean tools. For example, we

completed a project in our San Pedro facility focused on optimising our flow and production layout using Lean 5S techniques. The net output was a safer work environment, with increased COVID-19 security and a leadership team in the Dominican Republic with enriched safety knowledge, which was then cascaded to shop floor employees.

Even as we faced a sustained increase in demand for cigars in 2021, our more than 8,500 employees in production facilities managed to increase productivity and improve our overall safety performance.

HEALTH AND SAFETY PERFORMANCE

The number of work-related accidents (Lost Time Accidents, or injuries leading to one or more working days' absence) in 2021 was 40, significantly down from 92 in 2020. The accident rate (number of accidents per 200,000 hours worked) in 2021 was 0.46, which also compares very favorably with our 2020 accident rate of 1.14. Given this trend, we have revised the target for our overall accident rate from 0.85 down to 0.39. This represents a significant lift to our safety ambitions and also brings the Group in-line with broader industry benchmarks.

We continued in 2021 to offer regular health checks to employees across several of our production facilities and offices in both Latin America and Asia. This is of particular value in communities where health services might not be readily available.

Our production facilities are also an important focal point for the broader well-being of their local

communities, as they offer employment to many people. Our production facilities in Indonesia, Sri Lanka, Honduras, Nicaragua and the Dominican Republic all supported local communities through initiatives that include sponsorship of equipment to local hospitals, schools and other community institutions, as well as providing charitable contributions to people in need. We also continued to facilitate scholarships for the education of employees' children in Nicaragua, Honduras and the Dominican Republic.





PEOPLE AND COMMUNITIES

EMPLOYEE ENGAGEMENT

We believe in empowering employees to develop their full potential.

In 2021, Scandinavian Tobacco Group issued a Group-wide global engagement survey with an external partner covering all employees and with external benchmarking to assess our progress.

Participation in the engagement survey was high, with 88% of Group employees taking part. Of those surveyed, with 92% of respondents agreeing that “This company is committed to employee safety,” and 88% of respondents agreeing with the statement that “My job makes good use of my skills and abilities”. The overall survey Net Promoter Score, of NPS, a metric that assesses how willing employees are to recommend the company as a place of work, was measured by our external partner at 36, and compares very favorably to other benchmarked companies.¹ Job satisfaction was highest among employees in our Latin American and Asian production sites, with high participation rates and high engagement scores.

The survey also identified several areas for improvement, including better communication and collaboration across teams and divisional silos, areas that our Human Resources Department and Executive Board have begun to address and will be focused on 2022.

1) Qualtrics compiled survey data. Net promoter score is derived by taking the percentage of respondents who are promoters, or who feel most favorably about the company as a place of work, and subtracting respondents who are detractors, or the least favorable respondents.

DIVERSITY AND INCLUSION

This section of the report constitutes our statutory report on the gender composition of the management for the financial year 2021, according to Sections 99b and 107d of the Danish Financial Statements Act (“Lovpligtig redegørelse for den kønsmæssige sammensætning af ledelsen, jf. årsregnskabslovens §99b” and “Redegørelse for politik for mangfoldighed, jf. årsregnskabslovens §107d”). The report forms part of management’s report in the Group’s annual report for 2021.

OUR POLICY

Diversity is the existence of many unique individuals in the workplace, marketplace and community, individuals from different genders, nations, cultures, ethnic groups, backgrounds, skills, abilities and all the other differences that make each of us who we are. An inclusive culture in Scandinavian Tobacco Group is a work environment where every person has the opportunity to fully participate in creating business success and where each person is valued for their distinctive skills, experiences and perspectives.

The Group embraces workforce diversity as a source of strength. This is not only about visible differences in the workforce, but as importantly it is about the strategic advantage that comes from incorporating a wide variety of capabilities, ideas and insights into our decision-making.

OUR PERFORMANCE

In 2021, as it does at least once a year, and consistent with its policies and procedures, the Board of Directors discussed the composition of the Board of Directors as well as the Executive Board. Both the Board of Directors and Executive Board have and value an international profile. Presently, four of the

eight shareholder-elected members of the Board of Directors are of a nationality other than Danish and a total of five nationalities are represented. Members of the Board of Directors hold a wide range of commercial, FMCG, financial, management and tobacco industry experience and qualifications.

The Board of Directors in 2020 set a goal that, by 2024, 30% of the shareholder-elected Board members should be women. At the end of 2021 two of eight, or 25%, of the shareholder-elected Board members were female, a slight reduction from 28% in 2020. This was due to the expansion of the Board in 2021 by one shareholder-elected member, a male.

WOMEN IN SENIOR MANAGEMENT

We aim to identify all talents with leadership potential in the Group, irrespective of gender, and seek to identify and develop women by providing opportunities to take on more responsibility or advance in their existing leadership roles.

Our Group target continues to be that one-third of senior managers are women. At the end of 2021 50%, or four out of eight members, of our Executive Board were women, and four of eight were a nationality other than Danish. We also wish to have better representation of women at the senior management level. Traditionally, we have measured this by looking at the top three organisational levels of the Group (L1-L3). However, we believe this measurement can be improved by focusing on actual managerial title and responsibility, rather than reporting relationship.

We have thus, in this reporting period, begun measuring gender diversity in management by looking at what we believe are more transparent and functionally accurate measures, namely by functional job title and management responsibility.

Gender Balance by Functional Job Title

2021	Female	Male	Total
Gender Balance			
Executive Board	4	4	8
Senior Vice President	1	7	8
Vice President	4	19	23
Director	11	51	62
Managers	78	148	226
Professionals	6,699	3,168	9,867
Total	6,797	3,397	10,194

2021	Female	Male
Gender Balance		
Executive Board	50.0%	50.0%
Senior Vice President	12.5%	87.5%
Vice President	17.4%	82.6%
Director	17.7%	82.3%
Managers	34.5%	65.5%
Professionals	67.9%	32.1%
Total	66.7%	33.3%

The above data provide a view of gender balance across the Group by functional job titles, where we can see a more granular picture of gender representation. Here we can see that we are meeting our gender representation goal for women at the Executive Board level, while more significant gaps exist at the Senior Vice President, Vice President and Director Level. We have also included for comparative purposes the gender representation for manager-level positions, as





PEOPLE AND COMMUNITIES

well as “professionals”, which in this data set encompasses all other non-managerial positions across the Group. We believe this more detailed view of gender representation provides not only more insight into our performance, but also provides additional direction regarding where we should focus our efforts going forward as we continue to work toward our long-term gender representation goal for women in management.

We will also, going forward, use as a metric the gender composition of our Senior Leadership Community (SLC), a Group-wide leadership body created in 2020 that brings together the Group’s top managers and leaders, including those who may not manage people but have responsibility for key Group business functions and portfolios. SLC membership also compares very closely with the earlier mentioned L1-L3 metric in terms of size and gender composition. In 2021, women comprised 25% of our 63 SLC members, a result that mirrors the 2020 L1-L3 gender composition result of 25%.

Our Group’s performance tracking process covers approximately 1,800 employees across functions and geographies, evaluating each individual’s performance and potential. This process helps ensure that a gender diverse talent base is identified each year.

OTHER DIVERSITY DIMENSIONS

Scandinavian Tobacco Group is also interested in promoting other dimensions of diversity and works to ensure an inclusive work environment. Group employees globally represent 52 nationalities, with 29 nationalities present in our Danish headquarters.

As another indicator of diversity we are providing a breakdown of gender and age representation across

the Group. The Group has a consistent age distribution across the 20-29, 30-39, and 40-49 age groups, with similar proportions of men and women. Women predominate in these categories primarily due to the fact that many of our factory employees in Latin America and Asia are women, also an important consideration of the Group’s contribution to local economies in these regions, where women may struggle to find, or are otherwise underrepresented in, other local industries.

2021	Gender	%	Total
Age - below 20	Female	1.4	140
	Male	0.5	48
20-29	Female	17.1	1,739
	Male	7.1	719
30-39	Female	20.1	2,047
	Male	8.9	903
40-49	Female	19.3	1,970
	Male	9.0	913
50-59	Female	7.8	791
	Male	6.6	669
60-69	Female	1.1	108
	Male	1.4	138
70+	Female	0.0	2
	Male	0.1	7
Total		100,0%	10,194

We are also as a Group increasingly focused on the principles of diversity, equity and inclusion, which we believe support our goal of providing a workplace where all employees are treated with respect, trust and dignity. This has been a particularly important agenda in Group US-based entities over the course of 2020 and 2021.

STRIVING FOR A MORE DIVERSE WORKFORCE

Scandinavian Tobacco Group is responding to the increased focus on diversity, equality and inclusion (DE&I) globally through raising awareness and seeking additional progress towards our targets for diversity in our workforce.

Our global goals are supported by different local initiatives, each relevant to societal conditions where the Group operates.

In the US, for example the Group in 2021 partnered with an external DE&I consultancy to facilitate management workshops focused on gender and racial equity considerations in the workforce.

“A diverse and multicultural workplace brings several advantages, including greater creativity and increased productivity, broader cultural awareness, and, we hope, recognition as a desirable employer” says Caryn Metzger, Head of People Services, North America.

“It was obvious something was changing in terms of running a business, given broader societal changes. There was external interest, and also internal from employees, to place a greater focus on diversity and inclusion in our business. And by fostering a more diverse workplace, we feel we can bring out the very best in our employees and help them to reach their full potential.”

Aiming for continuous improvement

Following the management workshops, Scandinavian Tobacco Group is introducing additional diversity and inclusion training in its North American operations.

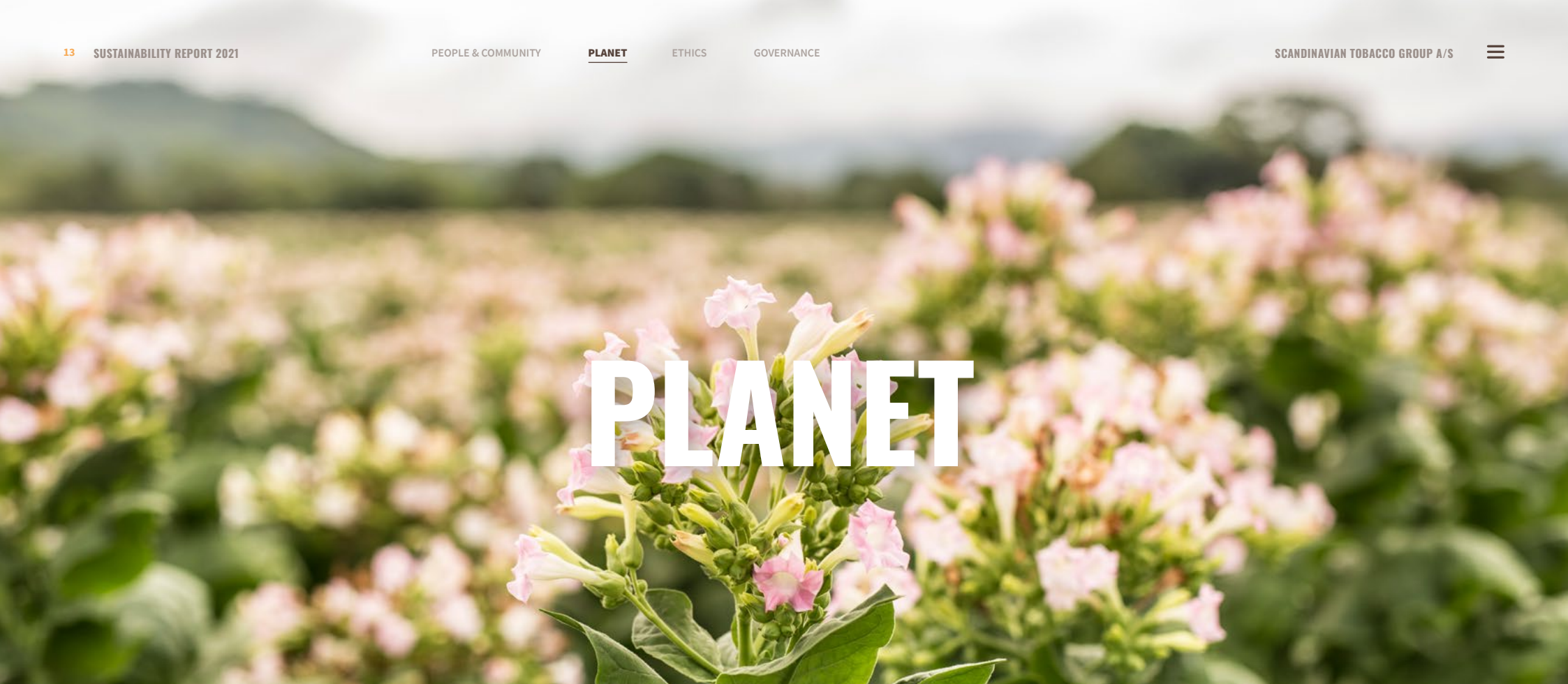
All Group employees in the US will take three DE&I training courses in 2022, as will all new joiners, both to build awareness and understanding and to help make Scandinavian Tobacco Group a welcoming employer for people of all backgrounds.

These trainings will be repeated every 12 months. “You can’t just put a statement on the website saying you’re diverse if it’s not true and backed up with facts. We need to address the reality before making claims and what we’re doing needs to be authentic and meaningful,” Metzger says.



By fostering a more diverse workplace, we feel we can bring the very best out of our employees and help them to reach their full potential





PLANET



PEOPLE AND COMMUNITIES

PLANET

ETHICS

GOVERNANCE

-3.7%

Group-wide CO₂ equivalent emissions decreased in 2021 by 3.7% compared with 2020



We seek to reduce energy use and waste through prevention, reduction, recycling and reuse

We measure, report and seek to reduce our greenhouse gas emissions



Scandinavian Tobacco Group has 14 production sites, in Latin America, Europe and Asia



PLANET



OUR POLICIES



Scandinavian Tobacco Group acknowledges the importance of limiting our environmental and climate impact.

Production poses the largest category of real and potential environmental and climate risks associated with our business. In addition to the broader climate impact caused by greenhouse gas emissions, overuse of energy or water, as examples of potential risks, are costly both to our business and to the communities where we produce, so we seek to monitor and use these resources responsibly. We seek to reduce the use of resources like water and energy in our production facilities, as well as effectively manage our waste.

-3.7%

Group CO₂ equivalent emissions (Scope 1 and 2) decreased by 3.7% in 2021 compared to 2020.

ACTIONS AND RESULTS

ADDRESSING CLIMATE CHANGE

In 2021, the Group completed its first assessment of our Group-wide Scope 1 and 2 emissions as defined under the Greenhouse Gas Protocol, allowing us to provide additional transparency and insight into our energy consumption and CO₂ equivalent emissions:

- For 2020, Group entities consumed 100,636 megawatt hours of energy, corresponding to 36.5 thousand tons of CO₂ equivalents. Of these emissions, 42%, or 15.3 thousand tons, were Scope 1 emissions, while 58%, or 21.2 thousand tons, were Scope 2.
- For 2021, Group entities consumed 96,847 megawatt hours of energy, corresponding to 35.1 thousand tons of CO₂ equivalents. Of this amount, 40%, or 14.2 thousand tons were Scope 1 emissions, while 60%, or 20.9 thousand tons, were Scope 2.

These results yielded an overall reduction in Group CO₂ equivalent emissions (Scope 1 and 2) of 3.7% in 2021 compared to 2020, with Scope 1 emissions declining by 7.1% and Scope 2 emissions declining by 1.2% for the same period.

Now that we have completed these baseline measurements for 2020 and 2021, we are considering appropriate emissions targets and relevant reduction measures to help us achieve our goals. These

reduction targets will be measured against our 2020 data as a baseline going forward.

Our preliminary approach to reduction targets, to be finalised in the first half of 2022, is to:

- Consider a reduction target for Scope 1 and 2 emissions of no less than 4.2% per year through 2030, compared to our 2020 baseline.
- Continue and expand our emissions measurement capabilities to include Scope 3 emissions, with an initial estimate for Scope 3 developed during 2022.
- This Scope 3 estimate and our fully developed reduction targets for Scope 1 and 2 will be assessed for potential notification to the Science Based Targets Initiative, with work to develop Paris agreement-aligned and SBTi-relevant targets taking place in 2022 and 2023.

Anticipating that we would be developing these emissions goals in 2022, the Group already in 2021 undertook a series of pilot initiatives to identify potential levers for emissions reduction. Those initiatives, described in more detail on the following page, have shown significant promise and we expect them to provide a running start in reaching our future climate goals.



PLANET**PILOT INITIATIVES SHOW PROMISE**

Scandinavian Tobacco Group is already working to identify areas for lasting emissions reductions in our business and manufacturing operations. The Group's Operations division in 2021 launched a number of pilot initiatives to test different ideas for reducing or further limiting emissions.

"We are already trying to anticipate next steps and place some smart bets on activities that we believe can really move the emissions needle downward and the carbon agenda forward" says Graham Cunningham, Chief Supply Chain Officer for Scandinavian Tobacco Group.

"We are doing this methodically and in a way that is consistent with international best practice. It's also key to our target setting discussions as these experiments provide us with a sense of both opportunity and impact looking forwards."

OPTIMISING PRODUCTION

Operational efficiencies will be key to managing emissions. The Group is already in a multi-year process of optimising our production footprint, bringing factories and production closer to suppliers and key markets. This footprint optimisation and its associated reduction of wasted time, motion and over-processing should also provide climate benefits.

"A more efficient production footprint – in terms of where we are placed and what's being produced in different locations – is another lever we can use to impact greenhouse gas emissions," says Johan Gebruers, Head of Quality, Environmental, Health and Safety Management and Lean.

Gebruers also points to the need to drive additional efficiencies in core manufacturing processes as a means to achieve additional emissions reductions over time.

RENEWABLES AND REFRIGERANTS

Another opportunity for emissions reductions lies in the area of renewable energy use. Group Operations is also exploring as another initiative the shift of some production to "green" electricity power purchase agreements, which would ensure that the energy consumed during production is more environmentally friendly and lower-impact in terms of emissions. The Group is also exploring how to potentially increase the use of renewable energy generated at its own production sites. The Group's manufacturing site in Belgium, for example, already has solar panels providing some of its energy needs and rainwater harvesting providing some of its utility needs.

Another possibility for emissions reduction is the phasing out of older refrigerants used in the cooling rooms and manufacturing processes at some sites. An additional initiative is looking at upgrading to state-of-the-art equipment using modern refrigerants, which have the potential to significantly decrease

greenhouse gas emissions, with the added benefit of removing some ozone-depleting substances from the Group supply chain.



A more efficient production footprint – in terms of where you're placed and what's being produced in different locations – is another lever we can use to impact greenhouse gas emissions





PLANET



EU “TAXONOMY-ELIGIBLE” ACTIVITIES

Scandinavian Tobacco Group had no “Taxonomy-eligible” activities in 2021. The Group’s business activities relate to the production of cigars and pipe and fine-cut tobacco, the distribution and sale of tobacco products and retail activities related to these products. None of our revenue-generating activities are included in the taxonomy and are therefore taxonomy non-eligible. We assessed the full list of industries included within the relevant areas of the Taxonomy and did not find any Group activities that applied. Further, we have reviewed 2021 capital and operational expenditures and have found none that are taxonomy-eligible. Broader Group accounting policies are fully explained and can be reviewed in the appropriate areas of the 2021 Group Annual Report.

	Turnover	CapEX	OpEX
Taxonomy-eligible activities (total %)	0%	0%	0%
Taxonomy non-eligible activities (total %)	100%	100%	100%

ENVIRONMENTAL PERFORMANCE

ENVIRONMENTAL AND SAFETY MANAGEMENT

The Group manages our environmental footprint and impact through our Environment, Health and Safety (EHS) Programme, which in 2021 covered 14 production sites globally. These facilities range from very large, modern factories to others where there is little automation.

With intervals of two to four years, depending on the latest score achieved, every production facility in Scandinavian Tobacco Group undergoes a comprehensive on-site environmental review, which focuses on energy consumption, water consumption and waste. The EHS programme serves to ensure the application of best practices across our Group where, in addition to safety, our focus is also on energy savings and our aim to limit, reuse and recycle waste wherever possible.

Our regular EHS production site audits were disrupted in 2020 and 2021 due to the critical importance of responding to the COVID-19 pandemic. Our forward ambition remains that all facilities covered by the EHS Programme be audited every 2 years and achieve an overall score of at least 80% in their review.

ENERGY CONSUMPTION

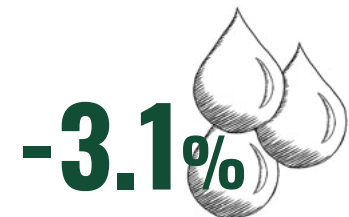
Group production sites in 2021 consumed 76,259 Megawatt-hours of energy, a decrease of 3.4 per cent over our 2020 consumption, which was 78,964 Megawatt-hours (4-year data available in Key ESG Data Annex).

WATER CONSUMPTION

Water consumption in Group production sites in 2021 was 247,145 cubic meters, compared to 254,986 cubic meters in 2020, and overall reduction of 3.1 per cent (4-year data available in Key ESG Data Annex).

TOBACCO WASTE

The amount of tobacco waste generated in production sites decreased in 2021, to 2,782 tons compared to 2020’s result of 3,329 tons, an overall reduction of 16.4 per cent (4-year data available in Key ESG Data Annex).



Water use in our production facilities declined in 2021 by 3.1% compared to 2020.



ETHICS



PEOPLE AND COMMUNITIES

PLANET

ETHICS

GOVERNANCE



As a fundamental principle we do not direct our marketing, advertising or promotion of tobacco products to people under the age of 18 (or such higher age as may have been determined by local law).



We are committed to eliminating child labour in all forms in our value chain

We are committed to non-discrimination under human rights laws and conventions



Scandinavian Tobacco Group is committed to maintaining the highest ethical standards and complying with all applicable data and privacy laws and regulations

ETHICS



OUR POLICIES



The Group acknowledges the health risks associated with smoking as we have described in “Our View on Smoking” ([page 6](#)), and that smoking is only for adults. We have for many years had our own Marketing Principles that ensure we develop, market and promote our products not only in accordance with the law but also with these basic beliefs. We ensure compliance with our Marketing Principles through a close dialogue between the marketing and legal functions of the Group.

We are committed to maintaining the highest ethical standards and compliance with laws and regulations, including all applicable data and privacy laws and regulations.

We respect internationally recognised human rights as described in the International Bill of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the UN Guiding Principles on Business and Human Rights and conventions describing the rights of children (Please see our Code of Conduct on our website for the full list).

Scandinavian Tobacco Group neither accepts nor uses child labour in any part of our supply chain. We respect children's rights, including their right to development and education, rest and play. No child should be subject to forced labour or to child labour, including work for which the child is too young (below the applicable minimum age), or work which is

mentally, physically, socially or morally dangerous to children, or that interferes with their schooling.

ACTIONS AND RESULTS

CHILD LABOUR

Unfortunately, tobacco growing, like other types of agricultural work, involves a risk of child labour and below-standard working conditions. It is a challenge to address these issues effectively on the ground in tobacco-growing communities, where child labour may exist for complex reasons, which are typically rooted in poverty.

Scandinavian Tobacco Group sources our tobacco leaf from both large and small wholesalers, distributors and, in some cases, directly from farms. The Group itself does not operate farms.

We seek additionally to gradually develop the capabilities to assess and influence the working and social conditions where we source tobacco, concentrating our efforts where we are better positioned to make a difference.

In 2021, the Group again conducted relatively simple reviews of selected tobacco suppliers, and only at irregular intervals, as we continued to consider how to develop and implement a more uniform, systematic and risk-based approach to due diligence, particularly in relation to child labour but also other labour matters.

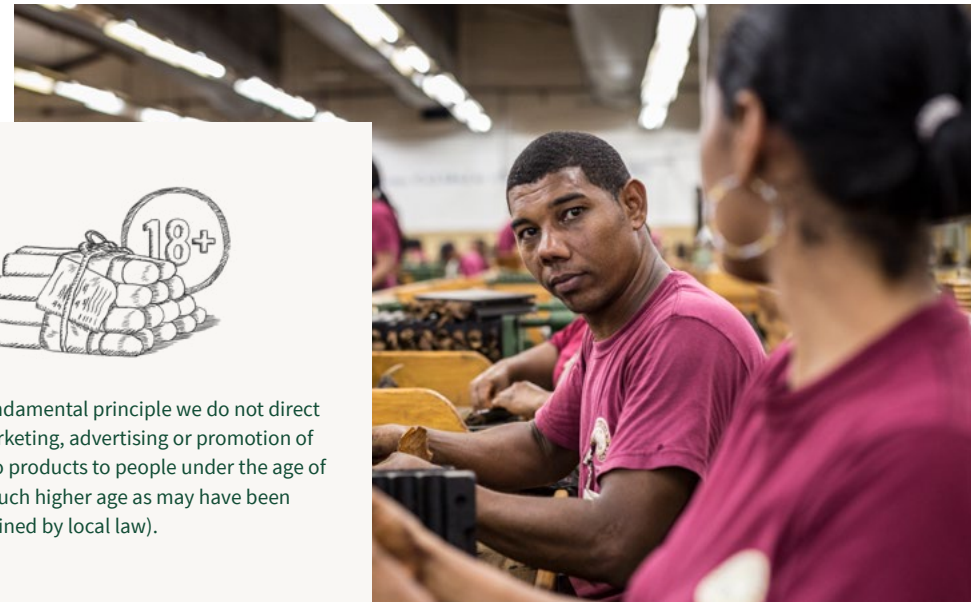
Scandinavian Tobacco Group again in 2021 also supported the Eliminating Child Labour in Tobacco

Growing Foundation (ECLT), a multi-stakeholder initiative that advocates globally for strong anti-child labour policies, research and best practices. The ECLT also works with rural communities and families to withdraw children from child labour and ensure they are educated, safe from exploitation and encouraged to reach their full potential. The ECLT also seeks to address poverty as a root cause of child labour.

In 2022, the Group plans to continue our work with our tobacco suppliers to develop additional child labour safeguards for those elements of our leaf supply chain where we believe greater diligence is warranted.

DATA ETHICS

In 2021, initial steps were taken to develop a Data Ethics Policy for Scandinavian Tobacco Group in accordance with the Danish Financial Statements Act § 99d (“Redegørelse for politik for dataetik, jf. årsregnskabslovens § 99 d”). This work has not yet been completed and there was therefore not a Data Ethics Policy in effect in 2021. However, throughout the year the Group generated, handled and used data in accordance with prior practices and policies, including policies on data privacy and GDPR, and as a responsible company. Scandinavian Tobacco Group's Data Ethics Policy is expected to be adopted in 2022 and will apply to the entire Group.



As a fundamental principle we do not direct our marketing, advertising or promotion of tobacco products to people under the age of 18 (or such higher age as may have been determined by local law).

ETHICS**THE MOST RESTRICTIVE RULE APPLIES**

Scandinavian Tobacco Group is committed to acting responsibly in the marketing and sale of our products and to fully complying with the law in the countries where our products are sold. Our marketing principles set the standards that ensure that our advertising and promotional activities are undertaken responsibly.

For example, in Sweden the law does not currently require tobacco companies to put visible health warnings on their point-of-sale marketing materials. Scandinavian Tobacco Group, however, does so. “We do this because of our marketing principles,” says Pär Andrys, Country Director for Sweden and Denmark.

SETTING THE STANDARD

Our Marketing Principles are designed to ensure that advertising and promotional activities are targeted at adults, that consumers are warned of the health risks associated with use of our products and that non-smokers are not persuaded to smoke.

Promotion and marketing of tobacco products are governed by a mix of laws and regulations. Where these rules are less restrictive than Scandinavian Tobacco Group’s Marketing Principles, then our marketing principles apply.

This also works the other way around, of course, so that if the law contains the most restrictive rule, then that must be complied with. All product designs, brand names and marketing materials must be aligned with our Marketing Principles and approved by the Group’s legal department.

“We have had our Marketing Principles for many years, setting the standards for how we promote and advertise our products and how we access the market, bearing in mind that our products are not for children and there are associated health risks,” says Mette Valentin, Group General Counsel and Senior Vice President of Legal, Public & Regulatory Affairs.

“The principles are about setting a standard – this is what we believe is right to do. Because we acknowledge that smoking is associated with a health risk, it has an impact on how we promote our products. We don’t want to disguise that fact and our products and advertising always come with a health warning. In many jurisdictions, we were doing this before it was legally required and even now there are pockets here and there without such regulation, where we apply warnings regardless,” adds Mette Valentin.

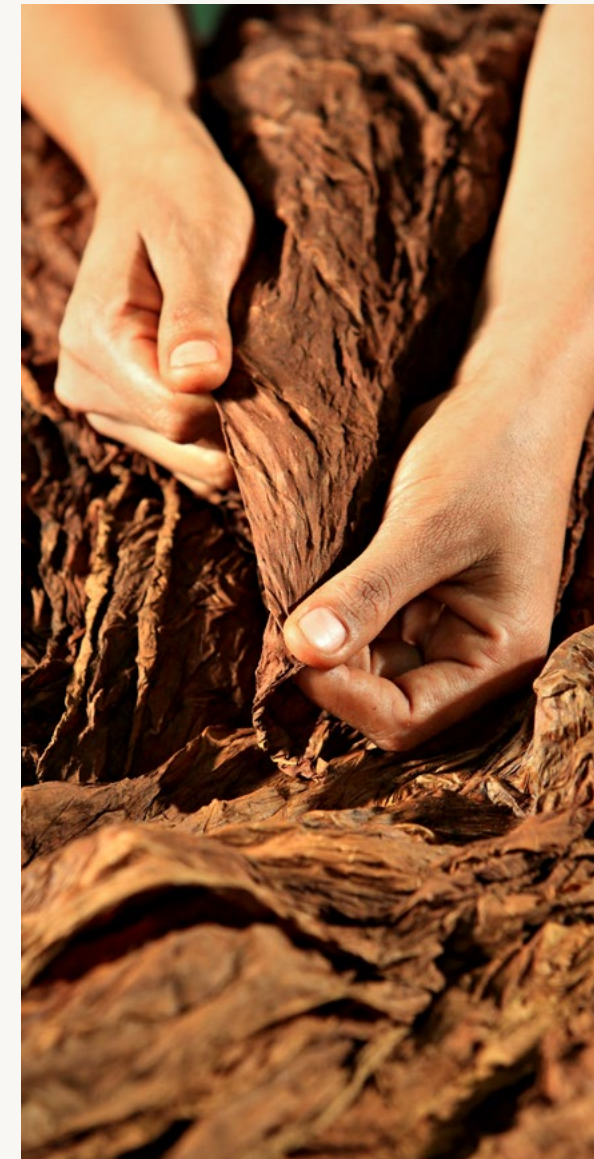
CONSUMER CHOICE, DELIVERED RESPONSIBLY

The Marketing Principles have existed for close to 20 years and are regularly reviewed.

Group Legal is always asked for approval whenever a new marketing activity is considered for a new

market. “We believe this shows consumers, customers, and regulators that Scandinavian Tobacco Group takes the issues around tobacco sales and use seriously” says Pär Andrys, adding “Being a tobacco company, I think it’s very important. As an adult, you should be able to make the choice to enjoy a cigar. But it makes me feel good that we act in a responsible way when offering our products to the consumers.”

““
We have had our Marketing Principles for many years, setting the standards for how we promote and advertise our products and how we access the market, bearing in mind that our products are not for children and there are associated health risks”



GOVERNANCE



PEOPLE AND COMMUNITIES
PLANET
ETHICS
GOVERNANCE

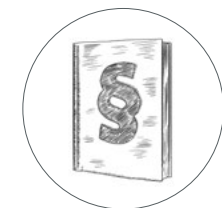


Scandinavian Tobacco Group has a zero-tolerance approach to corruption and all forms of bribery, including facilitation payments



We are working to adopt sustainable business practices

We do not tolerate any form of corruption or bribery



Our Code of Conduct sets the overall standard for how we act as a company and the behaviour we expect from our employees

GOVERNANCE



OUR POLICIES



We believe that good governance is central to responsible business practice. The Group's Code of Conduct, adopted by the Board of Directors, sets the overall standard for how we act as a company and the behaviour we expect from our employees to ensure responsibility and high ethical standards across the business. The Code of Conduct is supplemented by a number of more detailed policies and guidelines in various areas.

As stated in our Code of Conduct as well as in our Anti-corruption policy, Scandinavian Tobacco Group has a zero-tolerance approach to corruption and all forms of bribery, including facilitation payments. Corruption and bribery are contrary to the transparent and honest behaviour that our company wishes to stand for, and beyond being illegal, corrupt behaviour implies a significant reputational risk for the company and not least undermines fundamental functions in societies and their economy.

ACTIONS AND RESULTS

GOVERNANCE

Scandinavian Tobacco Group complies with the Danish Recommendations on Corporate Governance (for details, please see our Statutory Corporate Governance Report 2021, available at www.st-group.com). As described in our statutory report on

Corporate Governance, only one of the shareholder-elected members of our Board of Directors is classified as non-independent.

The composition of our Board of Directors and committees are also provided on our website, as is Board member attendance at meetings of the Board of Directors and committees, respectively. For a detailed description of the remuneration of the Board of Directors and Management, our 2021 Remuneration Report is also available online, as is our Remuneration Policy.

ANTI-CORRUPTION AND ANTI-BRIBERY

The Group continued with anti-corruption and anti-bribery training of new employees in 2021, following the introduction of this training for all employees in 2020. We continue to develop additional tools and guidelines to support employee attention and compliance in this area.

CODE OF CONDUCT

Our Code of Conduct, in addition to setting internal standards for ethical behavior, also addresses Scandinavian Tobacco Group's business partners, such as suppliers and distributors, globally. All of our business partners are as a fundamental principle expected to comply with local laws and any other applicable rules and regulations.

In 2021, we implemented a more structured approach to how we manage and review our Group-wide policies. We maintain an overview of all such policies and who is accountable and responsible for each

policy, its annual review and, when relevant, updating of the policy. Some of these policies are related to elements of our Code of Conduct, while others are directed at other aspects of Group operations and activities.

WHISTLEBLOWER PROGRAMME

The Group's Whistleblower portal can be accessed by employees who wish to report behaviour that is suspected of being illegal, dishonest or in breach of

our policies. Anyone who reports an incident can choose to remain anonymous. We expressly protect anyone who reports in good faith against any kind of retaliation. In 2022, we will again promote the whistleblower platform as a tool to ensure high ethical standards and compliance throughout the Group. We encourage employees to speak up where relevant.



CORPORATE GOVERNANCE

Scandinavian Tobacco Group complies with the Danish recommendations on corporate governance. A detailed overview can be found in Scandinavian Tobacco Group's 2021 Statutory Report on Corporate Governance.

[READ THE REPORT](#)





THE UN SUSTAINABLE DEVELOPMENT GOALS

Scandinavian Tobacco Group wants our sustainability work to have a meaningful and recognisable impact in our business and in the world around us.

That is why we have sought to map our Sustainability Strategy to the United Nations Sustainable Development Goals (SDGs).

HOW WE LINK OUR WORK TO THE SDGS

The Group adopted our Sustainability Strategy (formerly CSR Strategy) in June 2020.

The Strategy has 4 Focus Areas, each with its own defined ambitions, activities, and goals. Those Focus Areas are:

- People and Communities
- Planet
- Ethics
- Governance

We assess that these Focus Areas and related activities impact 5 of the United Nations Sustainable Development Goals.



PEOPLE AND COMMUNITIES

How we engage with our employees and the communities where they work and live



We do not tolerate any kind of discrimination



We work to protect labour rights and ensure safe and secure working environments



PLANET

How we work to ensure sustainable production



We seek to reduce energy use and waste through prevention, reduction, recycling and reuse



We will seek to measure, report and ultimately reduce our greenhouse gas emissions



ETHICS

How we promote responsible actions in our business and industry



We are committed to eliminating child labour in all forms in our value chain



We commit to non-discrimination under human rights laws and conventions



GOVERNANCE

How we embed strong oversight and transparency in our business



We are working to adopt sustainable business practices



We do not tolerate any form of corruption or bribery

EMPLOYEE SAFETY

We significantly improved our safety performance in 2021, reducing the number of Lost Time Accidents by more than 50% and we have set a new and more ambitious safety target for our overall accident rate.

CO₂ EMISSIONS

We have, for the first time, measured and disclosed our Group-wide Scope 1 and 2 CO₂ emissions and have already launched a series of pilot initiatives to manage our future emissions footprint.

DIVERSITY AND INCLUSION

25% of our senior managers in 2021 were women, still short of our goal of 33%.

EMPLOYEE ENGAGEMENT

Participation in our Group-wide 2021 engagement survey was high with 88% of Group employees taking part, and with 92% of respondents agreeing that “This company is committed to employee safety.”



ANNEX

KEY ESG DATA

Metric	Units	2018	2019	2020*	2021
GROUP CLIMATE AND ENERGY DATA					
Group energy consumption	Megawatt-hours	Not collected	Not collected	100,636	96,847
Group CO ₂ emissions (Scope 1 and 2 combined)	Thousand Tons CO ₂ e	Not collected	Not collected	36.5	35.1
Scope 1 emissions	Thousand Tons CO ₂ e	Not collected	Not collected	15.3	14.2
Scope 2 emissions	Thousand Tons CO ₂ e	Not collected	Not collected	21.2	20.9
PRODUCTION SITE ENVIRONMENTAL DATA					
Number of production sites (global)	Sites	11	11	15	14
Energy consumption	Megawatt-hours	62,675	60,183	78,964	76,259
	MWh/Million DKK net sales	9.55	8.96	9.86	9.26
Water use	Cubic meters	181,469	183,504	254,986	247,145
	M3/Million DKK net sales	27.65	27.31	31.85	30.02
Tobacco waste	Tons	2,602	2,260	3,329	2,782
PRODUCTION SITE SAFETY DATA					
Lost Time Accidents	Number	67	53	92	40
Lost Time Accidents, Rate	Injuries per 200,000 hours worked	1.01 (target 1.0)	0.91 (target 1.0)	1.14 (target 0.85)	0.46 (target 0.85)
GENDER DIVERSITY – GROUP DATA					
Gender Diversity – Senior Management	% Women	20 (target 33)	20 (target 33)	25 (target 33)	25 (target 33)
Gender Diversity – Executive Board	% Women	25	42	50	50
Gender Diversity – Board of Directors	% Women	17 (target 25)	28 (target 25)	28 (target 30)	25 (target 30)

*2020 saw some larger than normal changes to some operational data on account of the completed acquisition of Agio Cigars



SUSTAINABILITY REPORTING PRINCIPLES

for key figures in this report and ESG Data table on page 23

Metric	Unit	Explanation
GROUP CLIMATE AND ENERGY DATA		
Group energy consumption	Megawatt-hours	Reported Group total energy consumption based on meter readings and invoice data, includes use of natural gas, gas oil, fuel oil, gasoline, diesel, LPG, wood pellets, electricity and district heating. Calculation of energy contents are based on latest published DEFRA statistics.
Group CO ₂ emissions (Scope 1 and 2 combined)	Thousand tons CO ₂ e	Emissions calculated and reported in accordance with the Greenhouse Gas (GHG) Protocol. All Scandinavian Tobacco Group companies are included in the reporting scope.
Scope 1 and 2 CO ₂ e emissions		Scope 1 and 2 emission conversion factors: A. Electricity – we use site-specific or actual local CO ₂ e conversion factors where available, and if not available latest published country-specific factors from the International Energy Agency. B. Liquid fuels, gaseous fuels and wood pellets – we use latest published GHG conversion factors from DEFRA. C. District heating – we use site-specific or actual local CO ₂ e conversion factors where available; if not available we estimate emissions based on emission levels in the specific country.
PRODUCTION SITE ENVIRONMENTAL DATA		
Sites	Number	Group production facilities where processing and manufacturing of our tobacco products take place.
Energy consumption	Megawatt-hours MWh/Million DKK net sales	Invoiced and metered data for Group production sites only. MWh/Million DKK net sales – total production site energy consumption (numerator) expressed per net sales (denominator). Net sales taken from Group financial reporting; accounting principles for net sales provided in Group Annual Reports.
Water use	Cubic meters Cubic meters/Million DKK net sales	Invoiced and metered data for Group production sites only. Cubic meters/Million DKK net sales – total production site water consumption (numerator) expressed per net sales (denominator). Net sales taken from Group financial reporting; accounting principles for net sales provided in Group Annual Reports.
Tobacco waste	Tons	Waste tobacco generated within Group manufacturing sites as a result of our own production, packaging, and/or storage processes.
EU SUSTAINABLE FINANCE TAXONOMY		
EU Sustainable Finance Taxonomy eligibility	Eligible components of Revenue, CapEx and OpEx	We assessed the full list of industries within the relevant areas of the Taxonomy with the aim of identifying eligible group revenue. Additionally, we reviewed capital and operational expenditures with the aim of identifying taxonomy-eligible amounts.



SUSTAINABILITY REPORTING PRINCIPLES

for key figures in this report and ESG Data table on page 23

Metric	Unit	Explanation
PRODUCTION SITE SAFETY DATA		
Lost Time Accidents	Number	Work-related accidents leading to one or more working days' absence following the accident.
Lost Time Accidents, rate	Rate	The Lost Time Accidents rate is calculated using number of Lost Time Accidents (numerator) per 200,000 hours worked (denominator)
GENDER DIVERSITY – GROUP DATA		
Gender Diversity – Senior Management	% Women	For years 2020 and prior, number of women represented in the top three organizational layers of the Group (L1-L3), expressed as a percentage of total employees at these levels. Beginning in 2021, this is measured as the number of women represented in the Group's Senior Leadership Community, the Group-wide leadership body that includes the Group's top managers and leaders, including those who may not manage people but have responsibility for key Group business functions and portfolios.
Gender Diversity – Executive Board	% Women	Number of women in the Group Executive Board, expressed as percentage of total Executive Board members. The Group Executive Board included eight persons in 2021, including the two members of our Executive Management (CEO and CFO), and the other top leaders of Group business functions. Our Executive Board is described, and its members are profiled, in our Group Annual Report.
Gender Diversity – Board of Directors	% Women	Number of shareholder-elected women in the Group Board of Directors, expressed as percentage of total shareholder-elected Board of Directors members.



Scandinavian Tobacco Group A/S
Sandtoften 9
2820 Gentofte
Denmark

www.st-group.com

CVR 31 08 01 85

