



Tanzania Cigarette Public Limited Company
Rasilimali ya Tanzania



**CREATING
FULFILLING
MOMENTS.**

**CREATING
A BETTER
FUTURE.**

TCC Plc Integrated
Report 2023

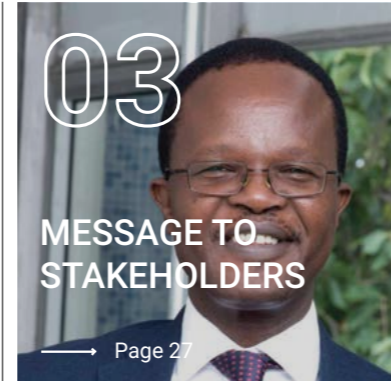
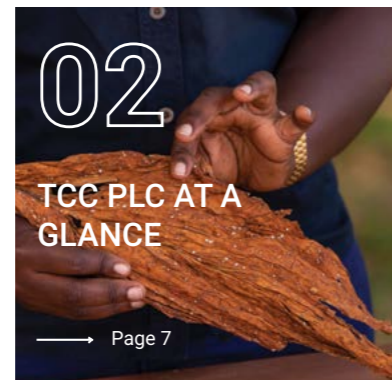
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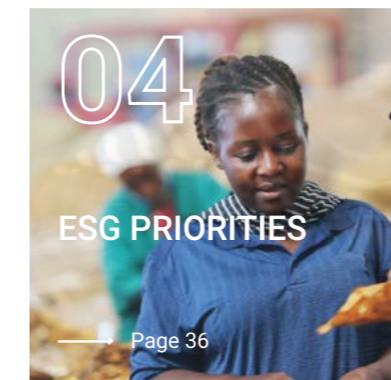


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Disclaimer

The reporting period for this report covers January 1, 2023 to December 31, 2023.

This is an integrated report which covers all necessary annual reporting and Environmental, Social, and Governance (ESG) reporting requirements as per Global Reporting Initiative (GRI) 2021 and Tanzania Financial Reporting Standard (TFRS) 1 standards.

Tanzania Cigarette Public Limited Company (TCC Plc) overall ESG agenda, unless stated otherwise, aligns with the Tobacco Business Sustainability Targets, as of December 2023. Activities throughout the Company's operation are aligned to the metrics that are considered most material to the business and stakeholders. TCC Plc has focused its ESG agenda on the areas where the Company can make the most significant positive impact. Unless otherwise specified, the scope of this report covers the TCC Plc operations only.

Precautionary Principal Statement

TCC Plc confirms that the precautionary principle is adopted, meaning that where there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason by the Company for postponing cost-effective measures to prevent environmental degradation or negative social effects.

Claim of Reporting in Accordance or in Reference to the GRI Standards

This report has been prepared in reference to the Core Option of the GRI 2021 Standards.

¹ In all incidences this report refers to "The Company" the report refers to TCC Plc

Tamko

Ripoti hii inalenga inatoa taarifa ya kipindi cha kuanzia Januari 1, 2023 hadi Desemba 31, 2023.

Ripoti hii jumuihi inatoa taarifa za mahitaji yote muhimu ya ripoti ya kila mwaka na mahitaji ya ripoti ya kimazingira, kijamii na kiutawala (ESG) kulingana na Viwango vya Kimataifa vya Utoaji Ripoti wa Taasisi ya (GRI) 2021 pamoja na matakwa ya utoaji wa ripoti za mahesabu na matumizi ya kitaifa (TFRS) 1.

Ajenda jumuihi za kampuni ya Sigara (TCC Plc) za ESG zinajilekeza sambamba na malengo ya kudumu ya biashara ya Tumbaku ya Desemba 2023. Shughuli zote za kampuni hulinanishwa na viashiria ambavyo vinachukuliwa kuwa nyenzo ya taarifa kwa biashara na wadau. TCC Plc imeelekeza ajenda zake za ESG kwenye maeneo ambayo Kampuni inaweza kuleta matokeo chanya zaidi, isipokuwa ikiwa imebainishwa vinginevyo, ripoti hii enahusu shughuli za kiutendaji wa Kampuni ya TCC Plc pekee.

Tamko la Msingi la Tahadhari

TCC Plc inathibitisha kwamba tamko la tahadhari limepitishwa na Kampuni, ikimaanisha kuwa pale ambapo kuna tishio la uharibifu mkubwa au hali ya kutokuweza kurekebisha, kutokuwepo kwa taarifa kamili za kisayansi havitatumika kama sababu ya kuahirisha hatua za kuzuia uharibifu wa mazingira au athari hasi za kijamii.

Haki ya Kuripoti kwa Mujibu au Marejeleo ya Viwango vya GRI Ripoti hii imeandaliwa kwa kurejelea Misingi ya Viwango vya taasisi ya kimataifa ya utoaji wa ripoti wa GRI 2021.

¹ Neno "Kampuni", linamaanisha TCC Plc katika maeneo yote ya ripoti hii.

Executive Summary

TCC Plc's overarching purpose, "Creating Fulfilling Moments. Creating a Better Future.", is not just a statement but a guiding principle at the heart of all its endeavors. This ethos directs the Company's strategies, shapes its brand and culture, and defines its very existence. Committed to enhancing consumer experiences and contributing positively to society, TCC Plc focuses on anticipating consumer needs, creating superior stakeholder experiences, and delivering pleasurable moments. Despite facing challenges such as increased excise duties impacting operating margins, TCC Plc remains dedicated to innovation and diversification to lead the industry in total product experience and value delivery.

In 2023, the Company's net revenue increased by 9.7% compared to 2022. The increase is driven by a more than 10% growth in sales volumes, with contribution from both domestic and export segments. Despite a significant increase in excise duties, the Company still managed to deliver a positive growth in gross profit by 6.9% and maintain a stable net profit for year. Furthermore, the Company declared a total dividend per share for 2023 of TZS 500 subject to adoption by shareholders at the Annual General Meeting.

In its commitment to sustainability, TCC Plc pursues ambitious goals such as becoming carbon neutral by 2030 and achieving net-zero greenhouse gas emissions by 2050. The company actively reduces energy consumption, water use, and waste generation while investing in community

initiatives focused on economic empowerment, education for older youth, and environmental conservation.

TCC Plc places a high emphasis on its employment culture, ensuring fair compensation, talent development, and a supportive work environment. With initiatives like Collective Bargain Agreement, incentive programs, and regular employee engagement surveys, the Company fosters a positive workplace atmosphere. Additionally, TCC Plc has a strong consumer-centricity which is manifested in its promise to produce quality products and is committed to grow its profits to ensure competitive returns to its shareholders.

The Company maintains a strong stance against corruption, adhering strictly to anti-corruption policies and promoting ethical conduct among its employees.

Looking forward to 2024, TCC Plc remains optimistic about its business outlook despite global economic uncertainties. Considering Tanzania's positive GDP and inflation projections and TCC Plc's solid strategy and proactive approach the Company is poised to navigate challenges and seize opportunities. This approach will ensure the Company's continued success in the years to come through strong stakeholder engagement that effectively nurtures the interests of valued consumers, shareholders, employees and the society at large.

FINANCIAL PERFORMANCE 2023: 9.7% Revenue Increase

SUSTAINABILITY Carbon Neutral by 2030, Net-Zero Emissions by 2050

STAKEHOLDER FOCUS Talent Development, Consumer-Centricity, Community Investment, Competitive Returns

ETHICAL STANCE Strong Anti-Corruption Policies

2024 OUTLOOK Optimistic for 2024 despite Global Uncertainties Focus on Stakeholder Engagement



EXECUTIVE SUMMARY MUHTASARI WA JUMLA

Muhtasari wa Jumla

Dhumuni la TCC Plc ni "Kutengeneza Nyakati za Furaha. Kutengeneza Kesho iliyo Bora Zaidi." si kauli mbiu tu bali ni kanuni inayoongoza kiini cha jitihada zote za Kampuni. Dhumuni hili linaongoza mikakati ya kampuni, linaboresha chapa ya kampuni na utamaduni wake, na kuelezea maana kuu ya uwepo wake. Ikiwa imejielekeza kuimarisha uzoefu wa watumiaji na kuchangia matokeo chanya katika jamii, TCC Plc inazingatia na kulenga mahitaji ya watumiaji, kuboresha uzoefu na uridhishwaji wa wadau, na kuleta nyakati za furaha. Licha ya kukabiliwa na changamoto kama vile ongezeko la ushuru wa bidhaa ambao unaathiri gharama za uendeshaji, TCC Plc inaendelea kujidhatiti katika ubunifu na anuai ili kuongoza sekta katika utoaji wa bidhaa na huduma zenye thamani.

Mwaka 2023, pato halisi la kampuni liliongezeka kwa 9.7% ukilinganisha na mwaka 2022. Ongezeko hili lilichangiwa na ukuaji wa zaidi ya 10% ya mauzo ya jumla kwenye masoko ya nje na ndani. Pamoja na ongezeko kwenye viwango vya kodi ya ushuru wa forodha, Kampuni bado ilifanikiwa kupata ongezeko la pato ghafi kwa 6.9% na kuendelea kupata faida kwa mwaka. Zaidi ya hayo, Kampuni ilitangaza gawio la jumla kwa hisa kwa mwaka 2023 la TZS 500 baada ya kuidhinishwa na kupitishwa na wanahisa kwenye Mkutano mkuu.

Kupitia wajibu uliyojiwekea katika muktadha wa maendeleo endelevu, TCC Plc inafuata malengo makubwa kama vile kufikia usawa unaohitajika wa hewa ukaa ifikapo 2030 na kufikia kiwango sifuri cha uzalishaji wa gesi chafuzi ifikapo 2050. Kampuni inapunguza matumizi

ya nishati, maji, na uzalishaji taka huku ikiwekeza katika mipango ya jamii inayolenga uwezeshaji wa kiuchumi, elimu kwa vijana wakubwa, na uhifadhi wa mazingira.

TCC Plc imeweka mkazo mkubwa kwenye utamaduni wake wa ajira, ikihakikisha malipo ya haki, kuendeleza vipaji, na kuboresha mazingira ya kazi. Kupitia mipango kama Mkataba wa Hali Bora za Wafanyakazi, programu za motisha, na tafiti za mara kwa mara za ushirikishwaji wa wafanyakazi, Kampuni inaendelea mazingira chanya mahali pa kazi. Zaidi ya hayo, TCC Plc imejielekeza kumjali mteja, mwelekeo unaotajwa katika ahadi yake ya kuzalisha bidhaa bora na kujali makatwa ya mteja nakupitia hili kampuni imeazimia kuongeza faida zake ili kuhakikisha marejesho ya ushindani yenye tija kwa wanahisa wake.

Kampuni ina msimamo mkali dhidi ya rushwa, ikifuata kwa umakini sera za kupinga rushwa na kukuza mwenendo wa kimaadili miongoni mwa wafanyakazi wake.

Kuelekea 2024, TCC Plc inaendelea kuwa na mtazamo chanya kuhusu mwelekeo wa biashara yake licha ya changamoto za uchumi wa dunia. Kwa kuzingatia makadirio chanya ya Pato la Taifa na mfumuko wa bei nchini Tanzania, Kampuni inajielekeza kukabiliana na changamoto na kuchangamkia fursa zilizopo, ili kuhakikisha muendeleo wa mafanikio yake kwa miaka ijayo kupitia ushirikishaji thabiti wa wadau ambao unakuza kikamilifu maslahi ya watumiaji wake wanahisa, wafanyakazi na jamii kwa ujumla.

UTENDAJI WA KIFEDHA:
2023: Ongezeko la mapato kwa asilimia 9.7

UENDELEVU:
Hali ya kuttoa hewa ukaa ifikapo 2030, kutokuzalishaji wa hewa kabisa ifikapo 2050

MALENGO KWA WADAU:
Kuendeleza vipaji, kuzungatia mahitaji ya wateja, uwekezaji katika jamii, ushindani wenyenye tija

MSIMAMO WA KIMAADILI:
Sera madhubuti dhidi ya rushwa

MTAZAMO WA 2024:
Licha ya kutokuwa na uhakika duniani matarajio kwa 2024 mkazo katika ushirikishwaji wa wadau



02

TCC PLC AT A GLANCE MUHTASARI WA TCC PLC

Purpose, Vision and Management Principles

Purpose

“Creating Fulfilling Moments. Creating a Better Future.” is TCC Plc’s purpose. It is the Company’s North Star and is at the heart of everything the company does and how it is done. It guides TCC Plc’s strategies and ambition. It shapes the company’s brand and culture and is the reason for the company’s very existence.

TCC Plc is committed to creating a better future in which consumers everywhere can enhance their enjoyment of the Company’s products. TCC Plc is focused on anticipating consumer wants and needs, creating superior products and delivering pleasurable moments. This care is based on deeply felt Company values, and through a profound commitment to wider society. By innovating and diversifying TCC Plc’s product portfolio, the Company can ultimately lead the industry in total product experience and deliver greater value.

Vision

TCC Plc’s vision is to continue to be the number one tobacco Company in Tanzania.

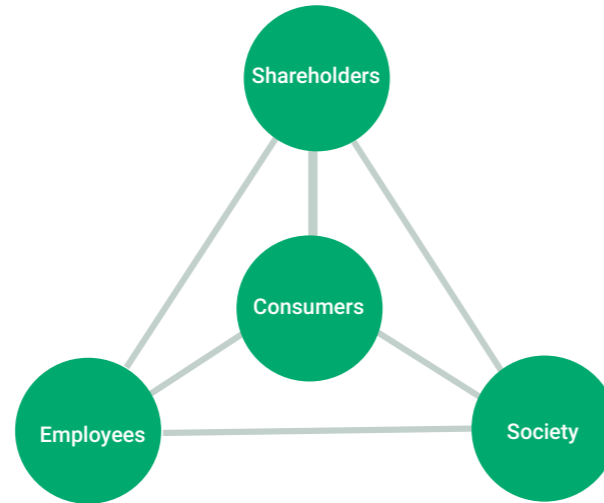
Management Principles

Under the 4S model, TCC Plc strives to fulfill the Company’s responsibilities to its valued consumers, shareholders, employees and the wider society, carefully considering the respective interests of these four key stakeholder groups and exceeding their expectations wherever the Company can.

Consumers

The Company provides exceptional products and services that deliver value beyond fulfillment of diverse needs and preferences. To keep doing so, TCC Plc will upgrade its innovation capabilities by leveraging the JT Group’s diversity.

Shareholders



TCC Plc aims to enhance shareholder returns by delivering medium- and long-term profit growth, prioritizing whilst striking a balance between profit growth through business investments and shareholder returns.

Employees

TCC Plc aims to be an appealing, highly esteemed Company for which its employees are proud to work. While evaluating employees fairly and transparently and supporting their personal growth, the Company aims to foster a corporate culture that respects and embraces diverse values.

Society

To fulfill the Company’s responsibility as a member of society and contribute to the sustainable development of society through the business, TCC Plc will work with a wide range of stakeholders and strive to resolve various issues together.

The breakdown of the shareholders is outlined in the corporate information (page 57), further a stakeholder map as well as the respective engagement strategies are detailed in the Report by Those charged with Governance (page 63).

Dhumuni, Dira na Kanuni za Usimamizi

Dhumuni

“Kutengeneza Nyakati za Furaha. Kutengeneza Kesho iliyo Bora Zaidi.” ndio dhumuni la TCC Plc. Dhumuni hili ni muongoza njia na kiini cha kila kitu ambacho kampuni hufanya na jinsi kinavyofanywa. Dhumuni hili huongoza mikakati na matarajio ya TCC Plc. Pia, linatengeneza chapa na utamaduni wa kampuni na ndiyo sababu ya uwepo kwa Kampuni.

TCC Plc imeazimia kujenga mustakabali bora ambapo watumiaji kila mahali wanaweza kufurahia bidhaa ambazo Kampuni inazalisha. TCC Plc imezingatia mahitaji ya watumiaji kwa kutengeneza bidhaa bora zaidi, na zenye kuleta furaha. Kujali matakwa ya wateja kunatokana na namna Kampuni inathamini tunu zake, pia kupitia wajibu iliyojiwekea kwa jamii. Kwa kubuni na kutanua wigo wa bidhaa za TCC Plc, Kampuni itaongoza sekta kwa wateja kupata uzoefu wa bidhaa bora kwa kuzalisha bidhaa zenye thamani bora zaidi.

Dira

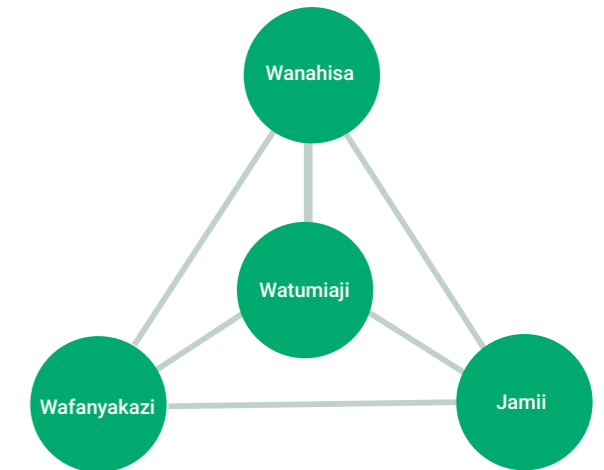
Dira ya TCC Plc ni kuendelea kuwa Kampuni namba moja ya bidhaa za tumbaku Tanzania.

Kanuni za Usimamizi

Kupitia muundo wa Kampuni wa 4S, TCC Plc inajitahidi kutimiza wajibu wa Kampuni kwa watumiaji wa bidhaa zake, wanahisa, wafanyakazi na jamii kwa ujumla, kwa kuzingatia kwa umakini mkubwa maslahi ya makundi haya manne muhimu ya wadau na kutimiza zaidi matarajio yao pale inapowezekana.

Watumiaji

Kampuni inatoa bidhaa na huduma bora zenye kutimiza mahitaji na matakwa mbalimbali ya watumiaji wake. Ili kuendelea kufanya hivyo, TCC Plc itaendelea kuimarisha uwezo wake wa kiubunifu ili kuendana na mahitaji mbalimbali kwa kuzingatia uwezo wa JT Group kwenye bidhaa na huduma inazotoa.



Wanahisa

TCC Plc inalenga kuongeza ukuaji wa pato la wanahisa kwa kuwahakikishia faida ya kati na ya muda mrefu, kwa kuweka kipaumbele na kuleta usawa kati ya ukuaji wa faida kupitia uwekezaji wa biashara na mapato ya wanahisa

Wafanyakazi

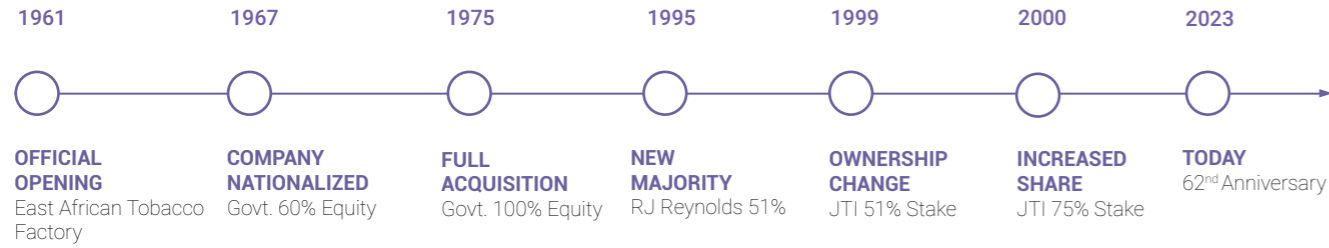
TCC Plc inalenga kuendelea kuwa Kampuni yenye mvuto na heshima kubwa ambayo wafanyakazi wake wanajivunia kufanya kazi. Kampuni inalenga kukuza utamaduni wake unaothamini na kuenzi thamani ya wafanyakazi huku ikiendelea kutathimini kwa usawa na uwazi kuwasaidia wafanyakazi kukua katika kazi na katika nyanja binafsi.

Jamii

Kampuni inawajibika kama mwana jamii katika uchangiaji wa maendeleo endelevu ya jamii kupitia biashara, TCC Plc itaendelea kushirikiana na wadau mbalimbali na kujitahidi kutatua masuala mbalimbali kwa pamoja.

Mgawanyo wa wanahisa umetajwa katika sehemu ya taarifa za Kampuni (ukurasa 57), pia orodha ya wadau kwa kuzingatia mahusiano yao na kampuni imeelezwa kupitia ripoti ya wakurugenzi (ukurasa 63).

Brief History



Brief History

TCC Plc, a member of the Japan Tobacco International (JTI Group of Companies), boasts a rich history that reflects the way the country itself has transformed over the past half a century.

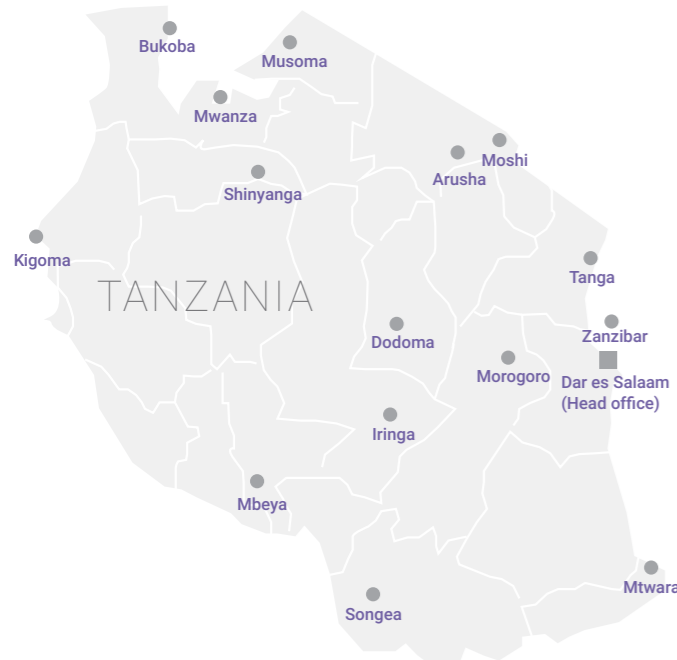
The Company started as East African Tobacco, with the factory officially being opened by Mwalimu Julius K. Nyerere on December 4, 1961.

In 1967, the Company underwent nationalization with the Government of Tanzania acquiring 60% stake from British American Tobacco.

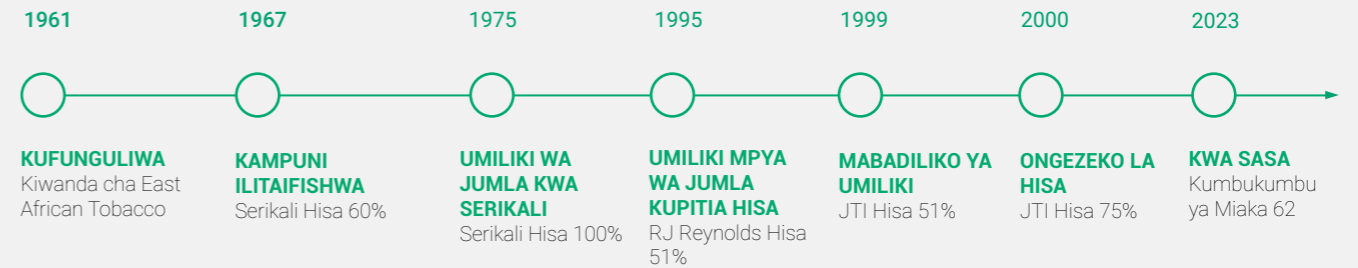
In 1975 the government acquired the remaining 40%. The Company was renamed Tanzania Cigarette Company Limited (TCC). Fast forward to 1995, TCC was privatized and RJ Reynolds Tobacco of USA acquired a 51% stake in TCC.

In 1999, JT acquired all non-US Tobacco operations of RJ Reynolds Tobacco and consequently TCC. In 2000, TCC Plc was listed on the Dar es Salaam Stock Exchange. JTI, increased its shareholding in TCC Plc from 51% to 75%.

Today, TCC Plc shares a common aspiration with the nation for success and respect. The Company has nationwide operational coverage in Tanzania, with staff in 16 regions.



Historia Fupi



Historia Fupi

TCC Plc, ni kampuni tanzu ya Kampuni ya kimataifa ya Japan Tobacco International (JTI Group of Companies), TCC Plc inajivunia historia yake ya tangu kuanzishwa kwake ambayo inaakisi jinsi nchi ya Tanzania ilivyopiga hatua ya maendeleo katika kipindi cha zaidi ya nusu karne iliyopita.

Kampuni ilianzishwa kama East African Tobacco, na kiwanda kikafunguliwa rasmi na Mwalimu Julius K. Nyerere tarehe 4 Desemba, 1961.

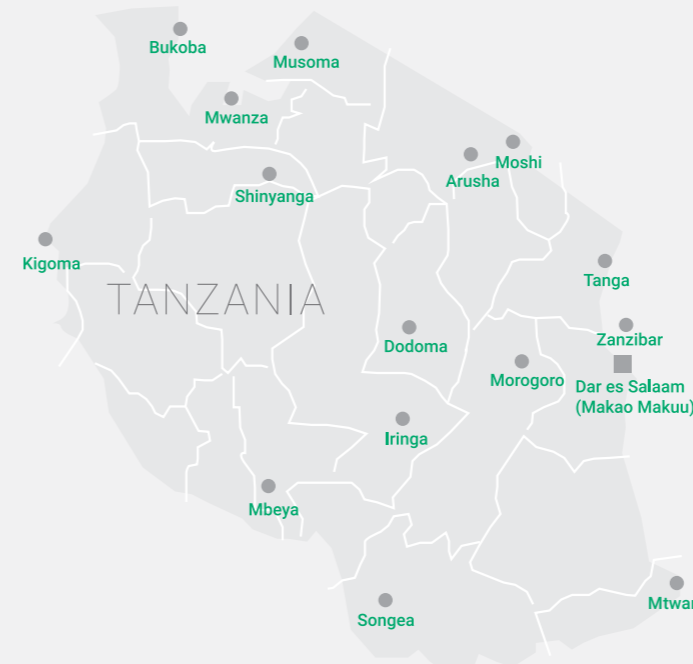
Mnamo mwaka 1967, Serikali ya Tanzania ilitaifisha 60% kutoka Kampuni ya British American Tobacco.

Mwaka 1975, Serikali ilikabidhiwa 40% ya hisa zilizobaki na jina la Kampuni likabadilishwa na kuwa Kampuni ya

Sigara Tanzania (Tanzania Cigarette Company Limited). Mwaka 1995, TCC ilitabafishwa na RJ Reynolds Tobacco ya Marekani ilinunua 51% ya hisa za TCC.

Mwaka 1999, JT ilinunua operesheni zote za tumbaku za RJ Reynolds Tobacco zilizo nje ya Marekani, na hivyo kupata hisa za TCC. Mwaka 2000, TCC Plc iliorodheshwa kwenye Soko la Hisa la Dar es Salaam (DSE) na JTI iliongeza hisa zake kutoka 51% hadi 75%.

Mpaka sasa, TCC Plc inashiriki ndoto moja na Taifa kuelekea mafanikio na heshima. Shughuli za Kampuni zimeenea nchi nzima ikiwa na matawi na wafanyakazi katika mikoa 16.



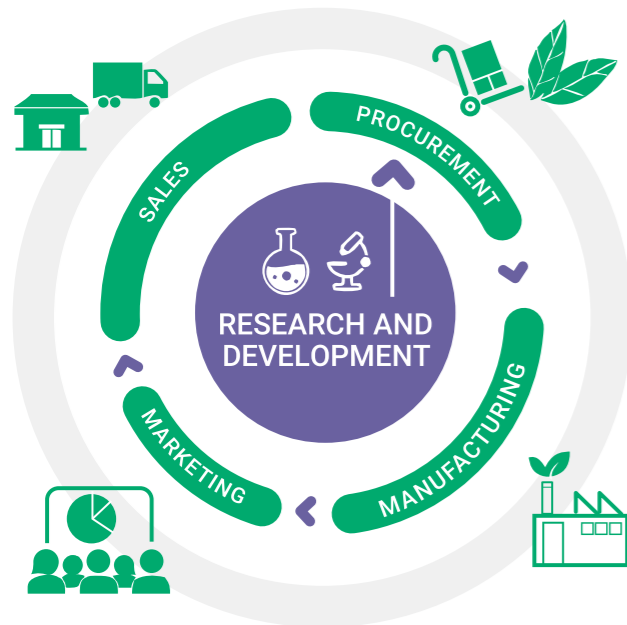
The TCC Plc Value Chain

Research and Development (R&D) - Innovation and Product Development

Consumer Insights and Trends: R&D at JTI involve understanding consumer preferences and market trends, ensuring that the products meet evolving consumer demands and comply with health regulations.

Procurement / Sourcing High-Quality Tobacco

The procurement process involves sourcing high-quality tobacco leaves, which are essential for producing products. TCC Plc through the JTI global procurement office works with local and international tobacco players, focusing on sustainable and ethical sourcing practices. Effective supply chain management ensures a consistent and reliable supply of raw materials, which is crucial for maintaining production schedules and product quality.



Manufacturing - Production Efficiency

The manufacturing process at TCC Plc involves transforming lamina and stem into finished products. This includes blending/conditioning, cutting, drying, making and packing of cigarettes, with a focus on efficiency and quality control.

Compliance with Standards: Adhering to health, safety, and environmental standards is crucial. TCC Plc's manufacturing processes is designed to minimize waste and reduce environmental impact while ensuring product safety.

Marketing - Brand Development

Marketing strategies involve building and maintaining strong brand identities, crucial to attract and retain consumers.

Regulatory Compliance: Given the nature of tobacco products, TCC Plc's marketing efforts must comply with strict advertising and promotion regulations, focusing on responsible marketing practices.

Sales - Extensive Distribution Network

TCC Plc's distribution network is key to ensuring that products are available to consumers across various retail channels, including supermarkets, convenience stores, retail shops and specialized tobacco shops.

Sales Strategies: Sales strategies include direct sales, partnerships with retailers, and promotional campaigns to drive product uptake and customer loyalty.

Each of these stages in TCC Plc's value chain is interconnected, contributing to the Company's overall success. R&D drives innovation, procurement ensures quality raw materials, manufacturing turns these materials into products, marketing builds the brand and promotes the products, and sales ensure that these products reach and satisfy the consumers.

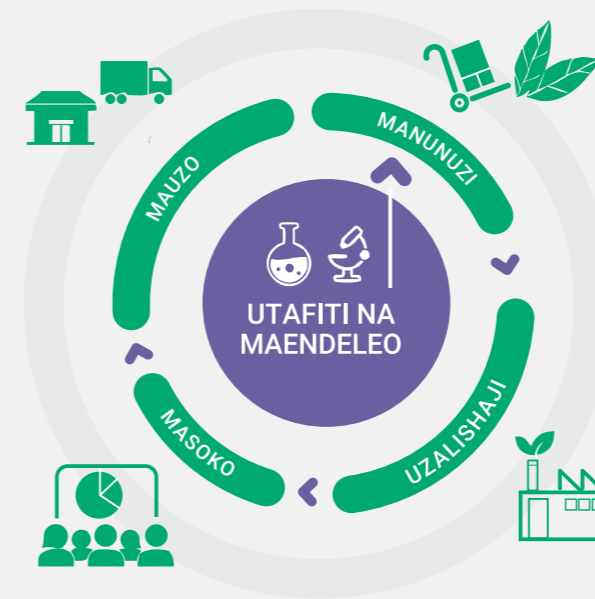
Mnyororo wa Thamani wa TCC Plc

Utafiti na Maendeleo (R&D) - Ubunifu na Maendeleo ya Bidhaa

Taarifa na mwelekeo wa matumizi ya bidhaa zetu kwa watumiaji: Utafiti na Maendeleo (R&D) kwa JTI unahusisha kuelewa matakwa ya watumiaji na mwenendo wa soko, ili kuhakikisha kuwa bidhaa zinakidhi mahitaji ya watumiaji na kuzingatia kanuni za afya.

Manunuzi ya Tumbaku yenye Ubona wa Juu

Mchakato wa ununuzi huusisha kupata majani ya tumbaku yenye ubora wa hali ya juu, ambayo ni muhimu kwa kuzalisha bidhaa. TCC Plc kupitia ofisi ya ununuzi ya JTI inafanya kazi na wadau wa tumbaku wa ndani na wa kimataifa, kwa kuzingatia mbinu endelevu zenye weledi za kupata malighafi. Usimamizi wa mnyororo wa ugavi wenye ufanisi unahakikisha ugavi thabiti na wa kuaminika wa malighafi, ambao ni muhimu kwa kudumisha ratiba za uzalishaji na ubora wa bidhaa.



Uzalishaji - Ufanisi Katika Uzalishaji

Mchakato wa uzalishaji wa Kampuni ya TCC Plc unahusisha kuchakata majani ya tumbaku kuwa bidhaa zilizokamilika. Mchakato huu inajumuisha kuchanganya, kukata, kukau-sha, kutengeneza, na kupaki sigara, huku kukiwa na mkazo kwenye ufanisi na udhibiti wa ubora.

Kuzingatia Viwango: Kuzingatia viwango vya afya, usalama, na mazingira ni muhimu. Mchakato wa uzalishaji wa Kampuni umetengenezwa kupunguza taka na kupunguza athari za mazingira na kuhakikisha usalama wa bidhaa.

Masoko - Maendeleo ya Chapa za Bidhaa

Mikakati ya masoko huusisha ujenzi na ulinzi wa muonekano wa chapa za bidhaa, ambazo ni muhimu kuvutia na kudumisha watumiaji.

Kuzingatia Utii wa Sheria: Kwa kuzingatia asili ya bidhaa za tumbaku, jitihada za masoko za TCC Plc lazima ziendane na kuheshimu sheria kali za matangazo na kuzingatia mbinu za masoko zenye uwajibikaji

Mauzo - Mtandao Mpana wa Usambazaji

Mtandao wa TCC Plc wa usambazaji wa bidhaa ni muhimu katika kuhakikisha kuwa bidhaa zinapatikana kwa wateja kupitia njia mbalimbali ikiwa ni pamoja na maduka makubwa, maduka ya rejareja, na maduka maalum ya tumbaku. Mbinu za mauzo: Mbinu za mauzo zinajumuisha mauzo ya moja kwa moja, ushirikiano na wuzaji wa rejareja, na matangazo ili kuongeza mauzo na uaminifu wa wateja.

Kila moja ya hatua hizi katika mnyororo wa thamani wa TCC Plc zimeunganishwa, zikichangia kwenye mafanikio ya jumla ya Kampuni. Utafiti na Maendeleo (R&D) ni idara inayoendesha ubunifu, manunuzi inahakikisha malighafi bora, uzalishaji inageuza malighafi hizi kuwa bidhaa, masoko inajenga chapa za bidhaa na kukuza bidhaa, na mauzo yana hakikisha bidhaa hizi zinafikia na kuridhisha watumiaji.

Product Portfolio

Orodha ya Bidhaa

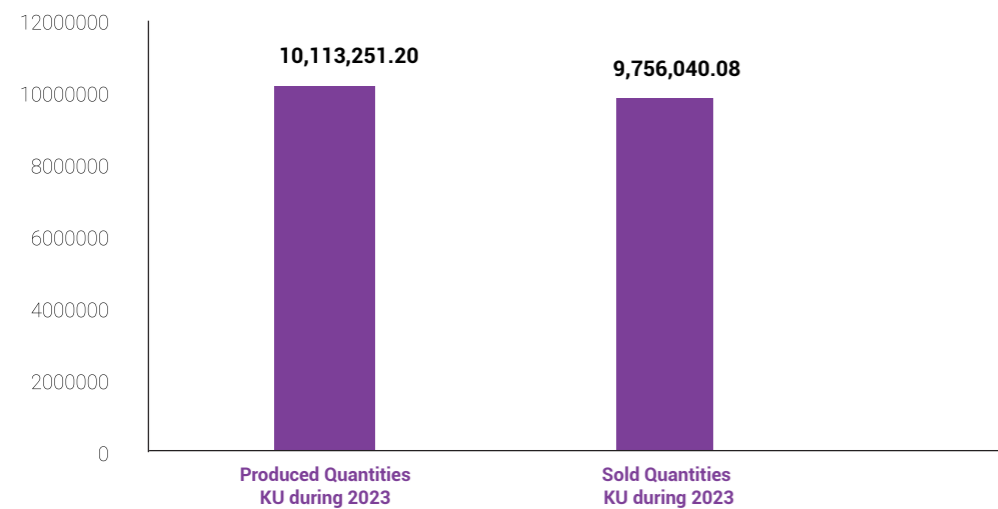


Performance Review

TCC Plc has experienced an increased revenue growth of 9.7% for the year 2023 TZS 373,527 million (2022: TZS 340,604 million) and increase in gross profit by 6.9% 2023 TZS 204,097 million (2022: TZS 190,841 million). Despite 20% increase in excise tax and pressure on operating costs,

the Company managed to deliver a stable profit for the year 2023 TZS 99,083 million (2022: TZS 106,764 million). The Company also generated a positive increase in net cash flow of TZS 22,082 million (2022: TZS (6,522) million).

Produced and Sold Quantities in 2023

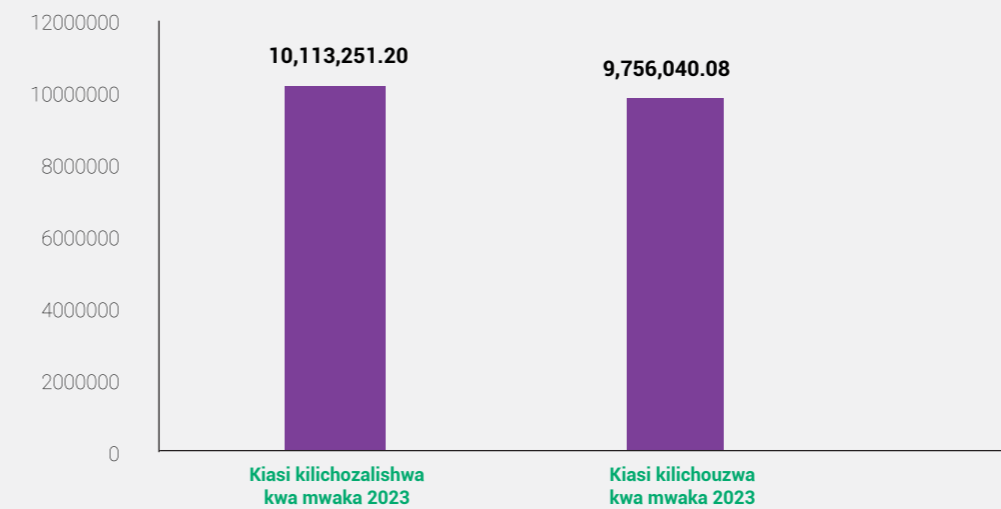


Uhakiki wa Utendaji

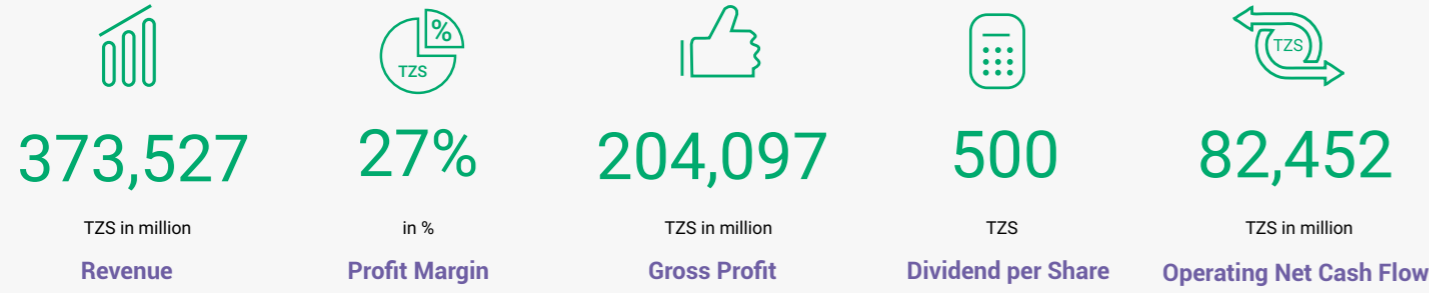
Mwaka 2023, TCC Plc imepata ongezeko la ukuaji wa mapato kwa 9.7% na jumla ya mapato ya TZS 373,527 milioni (2022: TZS 340,604 milioni) na ongezeko la faida ghafi kwa 6.9% hadi TZS 204,097 milioni 2023 (2022: TZS 190,841 milioni). Pamoja na ongezeko la 20% kwenye kodi ya ushuru wa forodha na gharama za uendeshaji,

Kampuni imeweza kutengeneza faida kwa mwaka 2023 ya TZS 99,083 milioni (2022: TZS 106,764 milioni). Pia, Kampuni ilitengeneza ongezeko chanya la mzunguko halisi wa fedha wa TZS 22,082 milioni (2022: TZS 6,522 milioni).

Kiasi kilichozalishwa na kilichouzwa kwa mwaka 2023

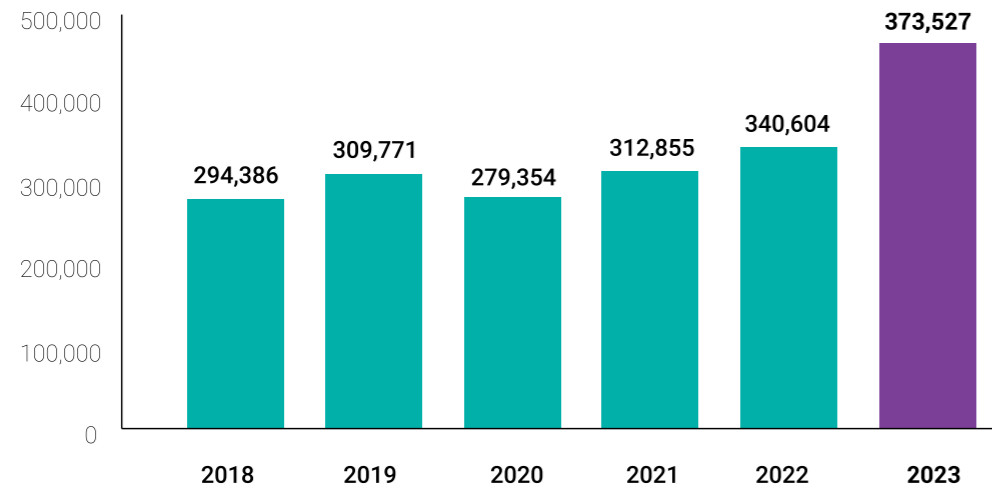


Key Performance Indicators

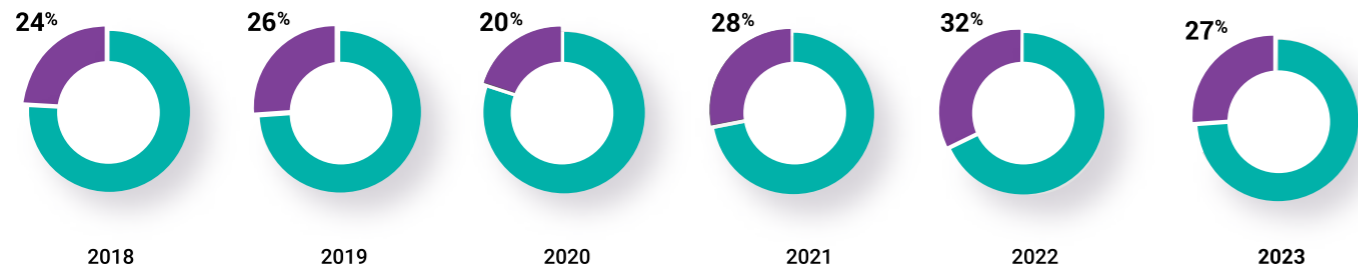


Revenue

Numbers displayed in TZS Million

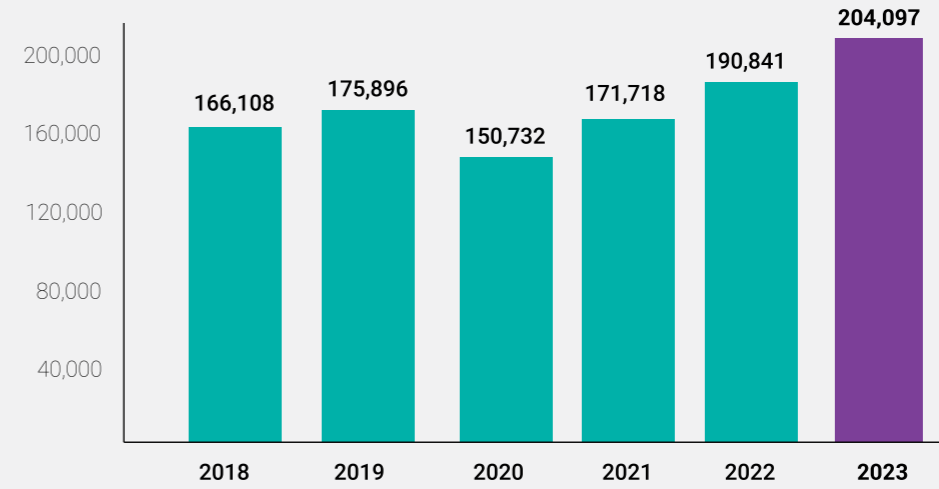


Profit Margin



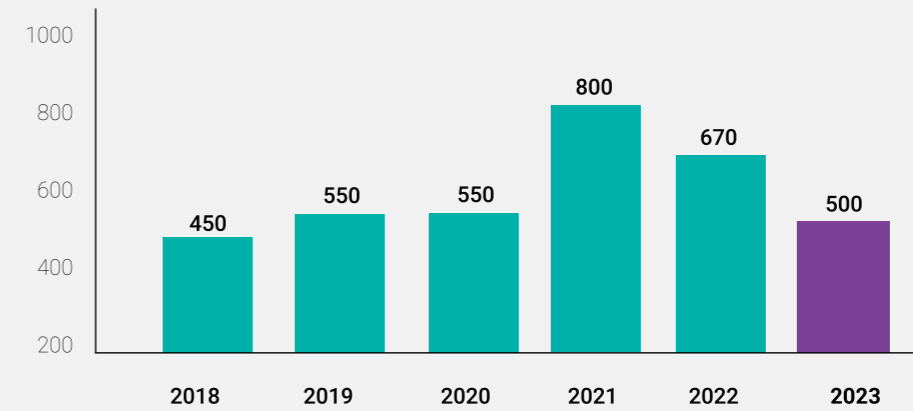
Gross Profit

Numbers displayed in TZS Million



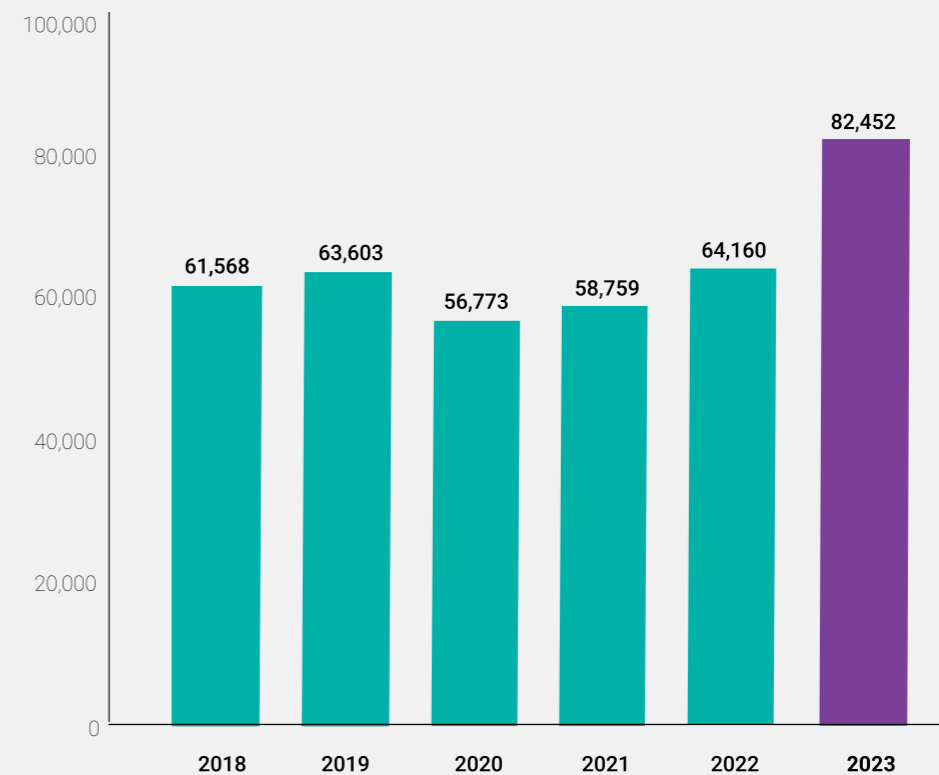
Dividend Per Share

Numbers displayed in TZS



Net Cash Flow From Operating Activities

Numbers displayed in TZS Million



Viashiria Muhimu vya Utendaji



373,527

katika Milioni za TZS

Mapato



27%

kwa %

Kiwango cha Faida



204,097

katika Milioni za TZS

Faida ya Jumla



500

TZS

Gawio kwa kila Hisa



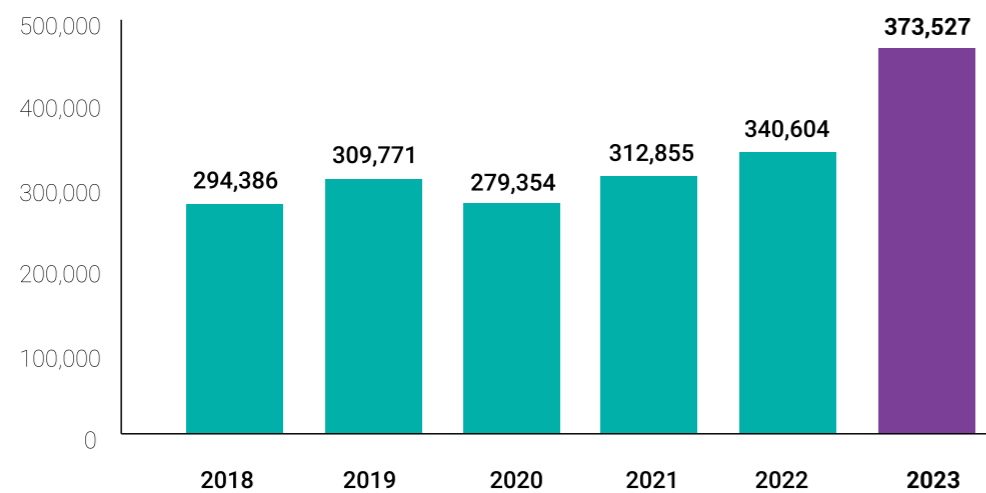
82,452

katika Milioni za TZS

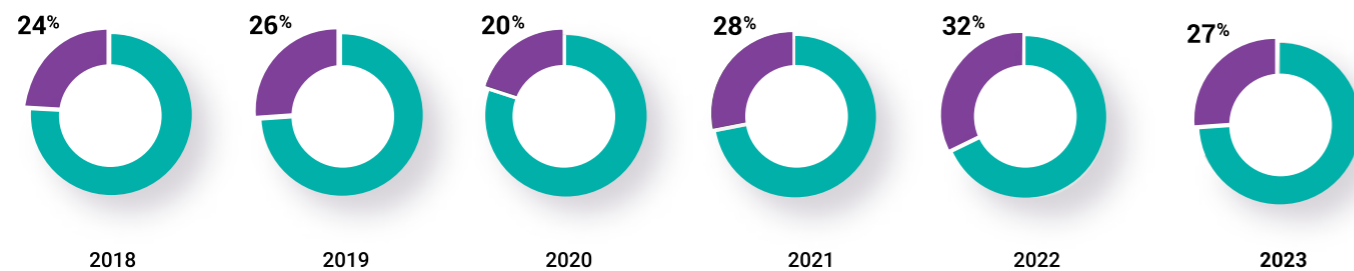
Mzunguko wa Fedha wa Uendeshaji

Mapato

Takwimu zinaonyeshwa katika Milioni za TZS

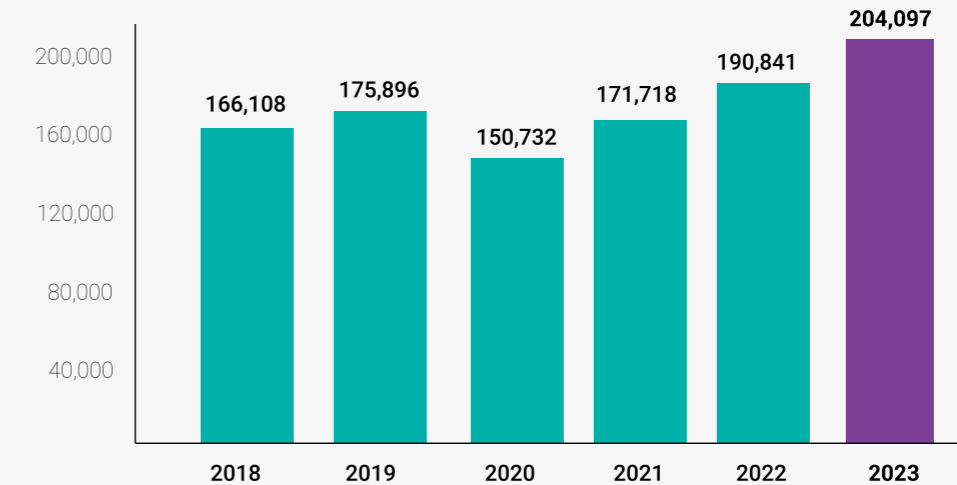


Kiwango cha Faida



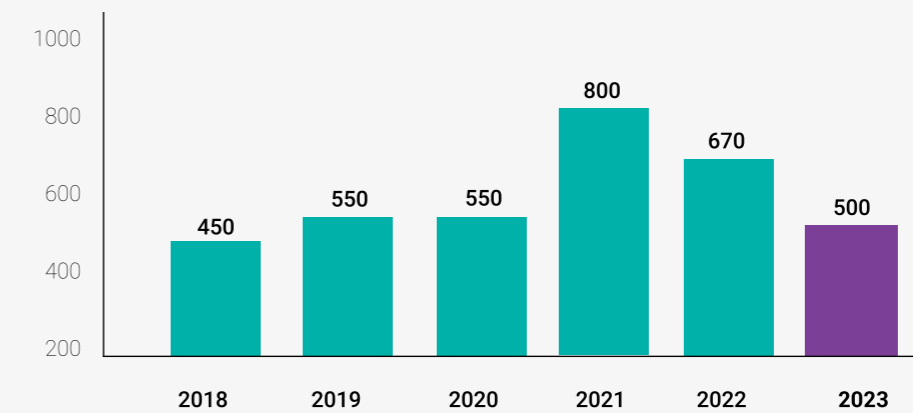
Faida ya Jumla

Takwimu zinaonyeshwa katika Milioni za TZS



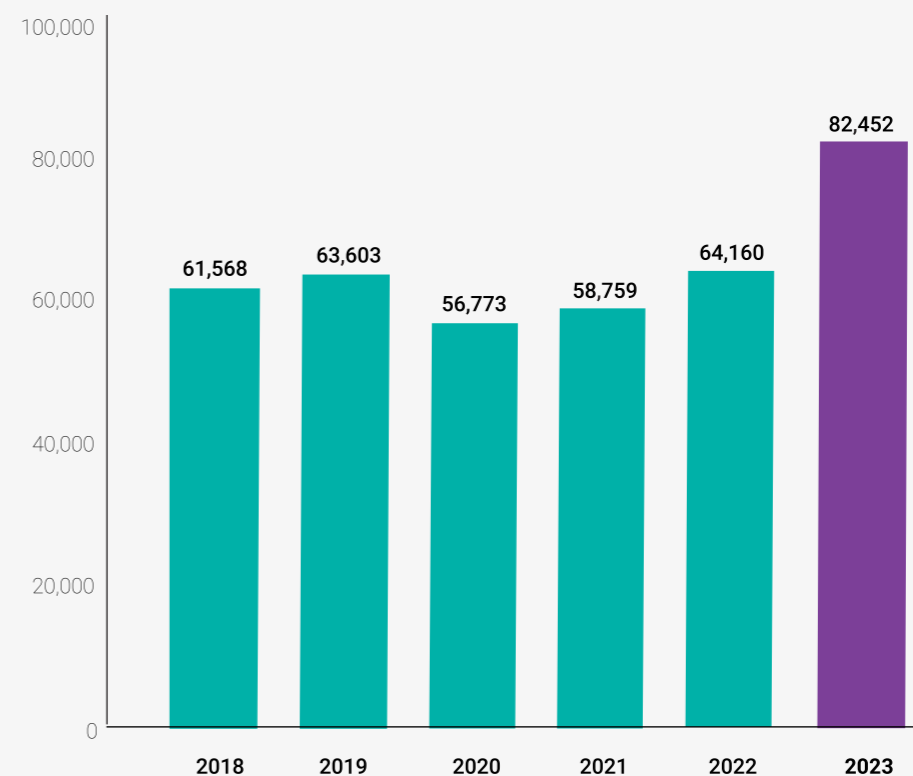
Gawio kwa kila Hisa

Takwimu zinaonyeshwa katika TZS



Ongezeko/Punguzo halisi la Mzunguko wa Fedha kwa Mwaka kutokana na Shughuli za Uzalishaji

Takwimu zinaonyeshwa katika Milioni za TZS



Members of the Board

Wajumbe wa Bodi



Mr. Paul D. Makanza

Board Chairman

First appointed as Chairperson of TCC Plc Board on August 3, 2017. Re-elected in the same position on August 11, 2023

- Mr. Makanza has two decades of senior-level management experience in various roles. He currently serves as Chairman of several esteemed other boards: Confederation of Tanzania Industries (CTI), Tanzania Start-up Association (TSA) and ABSA Bank Tanzania Limited. He also acts as Vice-Chairman in the board of Tanzania Private Sector Foundation (TPSF), Tanzania Petroleum Development Corporation (TPDC) and as board member of the East African Business Council.
- His expertise lies in finance, strategy, corporate governance, and advocacy, making him a respected figure in both private and public sectors. Throughout his career he has remained committed to excellence and has contributed significantly to the organizations and industries he has been involved with. Prior to his current roles, he gained valuable experience at JTI Tanzania (TCC Plc), JTI UK, and PricewaterhouseCoopers (PwC) Tanzania.

Mweyekiti wa Bodi

Aliteuliwa kwa mara ya kwanza kuwa Mwenyekiti wa Bodi ya TCC Plc tarehe 3 Agosti, 2017. Akateuliwa tena kwenye nafasi hiyo kwa awamu nyingine tarehe 11 Agosti 2023

- *Mr. Makanza ana uzoefu wa zaidi ya miongo miwili katika uongozi wa juu kwenye nafasi tofauti. Kwa sasa anahudumu kama mwenyekiti wa bodi zingine zifuatazo: Shirikisho la Viwanda Tanzania, Umoja wa Biashara Fadhilishi, na Benki ya ABSA Tanzania. Pia ni Makamu Mwenyekiti wa Bodi ya Taasisi ya Sekta Binafsi Tanzania na Shirika la Maendeleo ya Petroli Tanzania na Mjumbe wa Bodi ya Baraza la Biashara la Afrika Mashariki.*
- *Ni mtaalamu aliyebobea katika maswala yanayohusu fedha, mikakati na utawala, uwakilishi na utetezi. Mambo yanayomfanya kuwa mtu anayeheshimika katika sekta binafsi na umma. Katika safari yake ya kikazi, amechangia kwa kiasi kikubwa mafanikio ya mashirika na sekta ambazo amefanya kazi akitimiza wajibu wake kikamilifu katika kipindi chake chote cha utumishi. Kabla ya majukumu yake ya sasa, alipata uzoefu mkubwa katika majukumu yake ndani ya JTI Tanzania (TCC Plc), JTI UK, na PricewaterhouseCoopers (PwC) Tanzania.*



Mr. Bakari Mbaruku Makulo

Appointed to the TCC Plc Board on January 01, 2023, as a nominee of the Government of the United Republic of Tanzania representing minority shareholders.

- Prior to his retirement he served as: Vocational Education and Training Authority (VETA) Regional Director central zone based in Dodoma (2014 - 2016), VETA Zonal vocational training centers coordinator for central zone (2008-2013), VETA Zonal vocational training centers coordinator for lake zone (2001- 2008), and prior to 2001 he was an academician in several institutions.

Alichaguliwa kwenye Bodi ya TCC Plc tarehe 01 Januari, 2023, kama mteule wa Serikali ya Jamhuri ya Muungano wa Tanzania akiwakilisha wanahisa wenye hisa chini ya nusu ya hisa zote.

- *Kabla ya kustaafu alihudumu kama: Mkurugenzi wa Kanda wa Mamlaka ya Elimu na Mafunzo ya Ufundi Stadi (VETA) katika kanda ya kati iliyoko Dodoma (2014 - 2016), Mratibu wa vituo vya mafunzo ya Ufundi Stadi vya kikanda vya VETA kwa kanda ya kati (2008-2013), Mratibu wa vituo vya mafunzo ya Ufundi Stadi vya kikanda vya VETA kwa kanda ya ziwa (2001 - 2008) na Kabla ya mwaka 2001, alikuwa mwanazuoni katika taasisi mbalimbali.*



Mr. Johnny Ng

Appointed to the TCC Plc Board on January 1, 2021.

- Currently JTI Finance Vice President, Asia Pacific region from 2022.
- Previous roles within JTI include: Internal Audit Vice President of JT International SA from 2019 until his current appointment, CFO and Vice President of JTI Russia (2016 - 2019), JTI Finance Vice President Taiwan (2005-2016), and Finance Director JTI China (2002- 2005). Before joining JTI he worked as Senior Consultant - Deloitte Consulting Hong Kong (2000-2002), Business Analyst with PwC Limited Hong Kong (1998 to 1999), International Consultant - HSO Business System China Limited in Hong Kong (1997- 1998) and he holds a Master of Business Administration.

Aliteuliwa kwenye Bodi ya TCC Plc tarehe 1 Januari, 2021

- *Kwa sasa ni Makamu wa Rais wa Fedha wa JTI, eneo la Asia Pacific.*
- *Nafasi zake za awali zinajumuisha: Makamu wa Rais wa Ukaguzi wa Ndani wa JT International SA kuanzia mwaka 2019 hadi uteuzi wake wa sasa, CFO na Makamu wa Rais wa JTI Urusi (2016 - 2019), Makamu wa Rais wa Fedha wa JTI Taiwan (2005-2016), Mkurugenzi wa Fedha wa JTI China (2002- 2005). Kabla ya kujiunga na JTI, nafasi mbalimbali alizoshikilia zilijumuisha: Mshauri Mwandamizi - Deloitte Consulting Hong Kong (2000-2002), Mchambuzi wa Biashara katika PwC Limited Hong Kong (1998 - 1999) na Mshauri wa Kimataifa - HSO Business System China Limited huko Hong Kong (1997- 1998). Ana Shahada ya Uzamili ya Usimamizi wa Biashara.*



Mr. Onesmo Makombe

Appointed to the TCC Plc Board on April 23, 2021, representing minority shareholders.

- Currently Mr. Makombe is the Head of Financial Consumer Protection Department at the Bank of Tanzania (BOT), a role served from 2022.
- Previous roles in public service include: Commissioner and Chief Executive Officer of the Financial Intelligence Unit (FIU) (2015 to 2021), Chair of the Eastern and Southern Anti-Money Laundering Group (ESAAMLG) Task Force (2017- 2018), Acting Commissioner FIU (2013), Assistant Commissioner FIU (2011), Financial and Intelligence Analyst under the Ministry of Finance (2007-2011), Bank Examiner with the Bank of Tanzania (BoT) (1997-2007).

Aliteuliwa kwenye Bodi ya TCC Plc tarehe 23 Aprili, 2021, akiwakilisha kundi la wanahisa wenye hisa chini ya nusu ya hisa zote

- *Kwa sasa Mr. Makombe ni Mkuu wa Idara ya Ulinzi wa Mlaji katika Benki Kuu ya Tanzania (BOT), nafasi ambayo ameitumikia kuanzia 2022.*
- *Nafasi za awali katika utumishi wa umma zinajumuisha: Kamishna na Afisa Mtendaji Mkuu wa Kitengo cha Upelelezi wa Fedha (FIU) (2015 - 2021), Mwenyekiti wa Kikosi Kazi cha Kupambana na Utakatishaji Fedha ukanda wa Mashariki na Kusini mwa Afrika (ESAAMLG) (2017- 2018), Kamishna mkuu wa mpito FIU (2013), Kamishna Msaidizi FIU (2011), Mchambuzi wa Fedha na Upelelezi chini ya Wizara ya Fedha (2007-2011), Mkaguzi wa Benki Kuu ya Tanzania (BoT) (1997-2007).*



Mr. Bertrand Tamisier

Appointed to the TCC Plc Board of Directors on January 01, 2018, and re-appointed on January 01, 2021.

- Chief Financial Officer (CFO) and Vice President of JTI Middle East, Near East, Africa, Turkey (MENEAT) & Global Travel Retail (GTR) Region since January 2018.
- Over 25 years of extensive experience in finance within JTI. Previous roles within JTI include: Global Financial Operations VP (2017), Strategy and Insights Lead VP (2016-2017), CFO and VP in JTI SA and Central Europe Region (2008-2011 and 2011-2016), Adriatica CFO (2007-2008), Senta Integration Director (2006-2007), Research and Development Scientific and Regulatory Affairs Finance Director (2005 – 2006), CFO and Finance Director in Iran (2002-2005), World Wide Duty Free (WWDF) & MENA Finance Controller (2000- 2002), Baltics, Belarus and Kaliningrad CFO (1998- 1999) and CIS Finance Manager Operations and Exports (1997-1998).

Aliteuliwa kwenye Bodi ya Wakurugenzi ya TCC Plc tarehe 01 Januari, 2018, na kuteuliwa tena tarehe 01 Januari, 2021.

- *Afisa Mkuu wa Fedha (CFO) na Makamu wa Rais wa JTI Mashariki ya Kati, Mashariki ya Karibu Afrika, Uturuki (MENEAT) & Eneo la Biashara ya Usafiri wa Kimataifa (GTR) tangu Januari 2018.*
- *Ana uzoefu mkubwa katika maswala ya fedha ndani ya JTI kwa zaidi ya miaka 25. Alihudumu kama: Makamu wa Rais wa Operesheni Fedha za Kimataifa (2017), Makamu wa Rais wa Mikakati na Maarifa (2016-2017), Afisa Mkuu wa Fedha na Makamu wa Rais katika JTI SA na eneo la Ulaya ya Kati (2008-2011 na 2011-2016), Mkurugenzi mtendaji wa Fedha wa Adriatica (2007-2008), Mkurugenzi wa Senta Intergation (2006-2007), Mkurugenzi wa Fedha anayesimamia maswala ya Utafiti, Ukuzaji/Mkurugenzi wa Maswala ya Kitafiti Kisayansi, Sheria, na Fedha nchini Iran (2002 – 2005), Mdhiti Fedha wa WWDF & MENA, Mkurugenzi wa Fedha wa Baltics, Belarus and Kaliningrad na Maneja wa Fedha na operesheni na mauzo ya nje wa CIS.*



Mr. Takashi Araki

General Manager and Chief Executive Officer (CEO) of TCC Plc.

First appointed as Director of TCC Plc on October 1, 2022.

- 30 years of experience in various leadership positions within the JT Group with increasing responsibility.
- Prior to joining TCC Plc, he worked as Corporate Business Development & Corporate Strategy Vice President of the JT Group, based in Japan

Meneja Mkuu na Afisa Mtendaji Mkuu wa TCC Plc.

Aliteuliwa kwa mara ya kwanza kuwa Mkurugenzi Mtendaji wa TCC Plc tarehe 1 Oktoba, 2022.

- *Miaka 30 ya uzoefu katika nafasi mbalimbali za uongozi ndani ya Kampuni mama JT Group.*
- *Kabla ya kupewa nafasi hii, alihusika na usimamizi wa maendeleo ya biashara na mikakati katika JT Group, yenye makao yake makuu nchini Japani.*



Ms. Sevgi Denge Mc Neill

Appointed to the TCC Plc Board of Directors on January 01, 2024.

- Currently Ms Mc Neill is the JTI Regional Finance Vice President for MENEAT as of January 2024.
- Previous roles at JTI included: JTI Corporate Strategy Director (2020-2024), Finance Director Turkey (2018 - 2020), JTI HQ Geneva's Global Finance Transformation Director (2017 - 2018), Global Functions Finance Director (2014 – 2017), Global Leaf Finance Operations Director (2011 – 2014), Global Supply Chain Finance Director (2009 – 2011), Project Management Office Lead (2006 – 2008), Global IT Finance Controller (2004 – 2006), JTI Turkey's Process Improvement Manager (2003 – 2004), JTI Turkey's Financial Planning and Analysis Manager (2000 – 2003) and JTI Turkey's Accounting (1998 – 1999).

Ameteuliwa kwenye Bodi ya Wakurugenzi ya TCC Plc tarehe 01 Januari, 2024.

- *Kwa sasa Ms Mc Neill ni Makamu wa Rais wa Fedha wa Kikanda wa JTI kwa MENEAT kuanzia Januari 2024.*
- *Majukumu ya awali katika JTI yalijumuisha: Mkurugenzi wa Mikakati wa Kampuni JTI (2020-2024), Mkurugenzi wa Fedha Uturuki (2018 - 2020), Mkurugenzi wa Mabadiliko ya Fedha Kimataifa katika Makao Makuu ya JTI Geneva (2017 - 2018), Mkurugenzi wa Idara za Fedha Kimataifa (2014 – 2017), Mkurugenzi wa Shughuli za Kifedha Upande wa Ununuzi wa Tambaku (2011 – 2014), Mkurugenzi wa Fedha GSC (2009 – 2011), Kiongozi wa ofisi ya usimamaizi wa miradi (2006-2008), Mhasibu Mkuu wa Fedha - teknolojia Kimataifa (2004 – 2006), Meneja wa Mipango ya Fedha na Uchambuzi wa JTI Uturuki (2000 – 2003), Meneja wa Mipango ya Fedha na Uchambuzi wa JTI Uturuki (2000 – 2003) na Uhasibu JTI Uturuki (1998 – 1999).*



Ms. Biljana Ivosevic

Appointed to the TCC Plc Board of Directors on January 01, 2024.

- Currently Ms. Ivosevic is the Finance Director for JTI Dutch Holdings since 2022.
- Her previous roles were JTI Regional Tax Director EE & Americas in 2020, JTI Regional Tax Director WE & Americas (2018 - 2020), Tax Director JTI SA (2016 - 2018), Indirect Tax Director JTI SA (2014 - 2016), JTI SA Controlling and Reporting Manager (2012 – 2014) and Finance Controller Adriatica (2008 -2012). Before joining JTI, she worked at Coca Cola Hellenic Bottling Company Serbia and British American Tobacco (BAT) Serbia in different finance positions.

Ameteuliwa kwenye Bodi ya Wakurugenzi ya TCC Plc tarehe 01 Januari, 2024.

- *Kwa sasa Ms. Ivosevic ni Mkurugenzi wa Fedha JTI Dutch Holdings tangu 2022.*
- *Majukumu ya awali yalikuwa: Mkurugenzi wa Kodi wa Kikanda wa JTI EE & Amerika mwaka 2020, Mkurugenzi wa Kodi wa Kikanda wa JTI WE & Amerika (2018 - 2020), Mkurugenzi wa Kodi JTI SA (2016 - 2018), Mkurugenzi wa Kodi zisizo za Moja Kwa Moja JTI SA (2014 - 2016), Meneja wa Udhhibiti na Ripoti wa JTI SA (2012 – 2014) na Mhasibu Mkuu Adriatica (2008 -2012). Kabla ya kujiunga na JTI, alifanya kazi katika Kampuni ya Uuzwaji wa vinywaji baridi ya Coca Cola Hellenic Serbia na British American Tobacco (BAT) Serbia katika nafasi mbalimbali za fedha.*

Management Team Timu ya Usimamizi



Takashi Araki

General Manager and CEO
Meneja Mkuu na Afisa Mtendaji Mkuu



Samwel Mandara

Manufacturing Director
Mkurugenzi wa Uzalishaji



Thomas Hadorn

Finance Director
Mkurugenzi wa Fedha



Yassin Hussein

Marketing Director
Mkurugenzi wa Msaikoti



Patricia Mhondo

Corporate Affairs and Communication Director
Mkurugenzi wa Uhusiano na Mawasiliano ya Kampuni



Angela Mangecha

People and Culture Director
Mkurugenzi wa Watu na Utamaduni



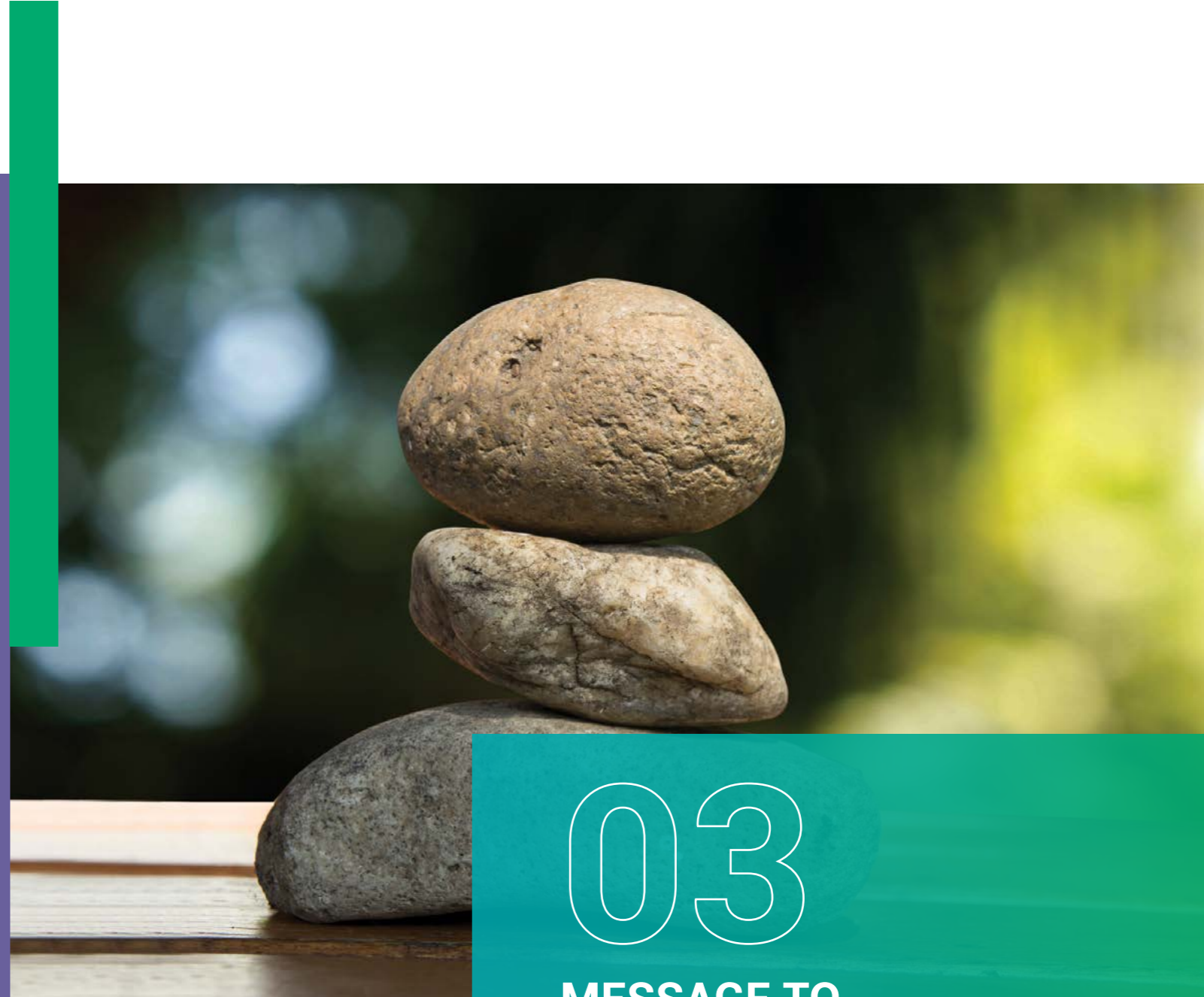
Godson Killiza

Legal Affairs Director
Mkurugenzi wa Maswala ya Sheria



Lucas Mwamanenge

Sales Director
Mkurugenzi wa Mauzo



03

MESSAGE TO STAKEHOLDERS UJUMBE KWA WADAU



Message from the Chairman

Dear Esteemed Shareholders and Stakeholders,

A Reflection on 2023

On behalf of the TCC Plc Board of Directors, I am pleased to present an overview of TCC Plc's performance for the year ending December 31, 2023. Our enduring commitment to sustainable growth and responsible corporate stewardship has remained steadfast throughout the year.

Guided by our overarching purpose of "Creating fulfilling moments. Creating a better future," we have stayed true to our core principles, ensuring that we consistently prioritize and exceed the expectations of our valued consumers, shareholders, employees, and the broader society. Our core values of fostering a winning attitude, collaboration as 'One Team,' a commitment to quality, and responsible behaviour have been pivotal in driving our strategic endeavours forward.

Financial Achievements

Our collective efforts in 2023 delivered another year of remarkable achievements across both financial and non-financial metrics and broader strategic initiatives.

Revenue grew 9.7% year-on-year to TZS 373,527 million, driven by a robust 11% domestic and export volume growth. Furthermore, strategic pricing adjustments to our premium brands in response to a 20% excise tax hike in June 2023 also contributed to our revenue growth.

Although our profit figures declined marginally, reflecting the dynamic nature of our business landscape, we maintained a resilient financial performance. Our profit before tax (PBT) experienced a modest decline of 7.2% to TZS 99,083 million, and our net profit after tax (PAT) for the year decreased marginally by 4.2% to TZS 66,233 million. Rising costs across different areas of our business affected our bottom line, notably a 13.1% increase in the cost of goods sold due to higher costs of imported raw materials, elevated transportation and logistics costs due to higher fuel costs and increased recharges.

Going forward, we remain committed to addressing cost pressures while seizing growth opportunities in our target markets. Our focus remains on prudent financial management, which aims to foster sustainable value creation for our esteemed shareholders.

Delivering Stakeholders' Value

TCC Plc actively creates long-term sustainable value for our key stakeholders through two core avenues: corporate value and social value. We prioritize enhancing shareholder returns while contributing to society's sustainable development through our business activities, recognizing both aspects as equally important.

Beyond Profit: Our Commitment to Social Responsibility

Our sustainability strategy is built upon three key pillars: product and service, people (safety, community investment, employer of choice), and regulatory engagement.

Regarding products and services, we aim to provide consumers with an expanded range of high-quality and innovative products. Notably, we enhanced our product portfolio with the introduction of Winston Expand in July 2023.

In our people pillar, safety continued to be an integral part of our operations and a priority in everything we do, with a key focus on employees' ownership and behavioural change. Our community investment initiatives benefited over 1,700 community members, with employees contributing 360 collective hours. Additionally, for the 6th consecutive year, the Global Top Employer Institute recognized us as an employer of choice, praising our talent management, empowerment practices, and diversity efforts. Moreover, we increased female workforce participation to 21.2%, up from 20% in 2022, aligning with our goal of reaching a 30% female workforce by 2030. In supply chain management, we reduced greenhouse gas emissions by 4% and waste generation by 50%.

On regulatory engagement, we actively engaged policy and decision-makers for fair and balanced regulations and collaborated with government agencies to combat illicit trade in tobacco products. These endeavours reaffirm our commitment to sustainable and responsible practices.

Dividends and Growth Opportunities

With a robust net profit and free cash flow, the TCC Plc Board of Directors proposed a final ordinary dividend payment of TZS 200 per share for the fiscal year ending December 31,

2023. Coupled with the interim ordinary dividend of TZS 300 per share paid to shareholders in June 2023, this brings the total ordinary dividend for the year to TZS 500 per share. Distribution of dividend at a level of 76% of net profits provides a competitive level of return to our shareholders whilst also allowing reinvestment for future growth potential to which we can remain committed.

The final ordinary dividend, subject to shareholders' approval at the Annual General Meeting of Shareholders in April 2024, will be paid in May 2024.

Looking Ahead to 2024

Looking ahead to 2024, I am optimistic about TCC Plc's business outlook despite prevailing global economic uncertainties, including geopolitical tensions.

In Mainland Tanzania, growth is projected to remain robust, with a forecasted GDP growth rate of 5.2% in the first quarter of 2024. The inflation outlook is also favourable, with forecasts indicating a low inflation rate of around 3.2%, well below the 5% target.

Furthermore, we are encouraged by the continued improvement of Tanzania's business environment and investment climate. However, we remain mindful of external risks, such as geopolitical tensions, which could impact the cost of imported goods.

Nevertheless, with our solid strategy and execution capabilities, we are well-positioned to navigate challenges and capitalize on emerging opportunities.

Appreciation

I extend heartfelt appreciation to our stakeholders for their unwavering support. Special thanks to our parent company, JTI, our dedicated management and employees, the Government and its agencies, and business associations for their invaluable assistance throughout 2023. Together, we look forward to pursuing our shared goals.

Sincerely,

Paul Makanza
Chairman of the Board, TCC Plc



Ujumbe kutoka kwa Mwenyekiti

Ndugu Wanahisa na Wadau.

Tafakari ya Mwaka 2023

Kwa niaba ya Bodi ya Wakurugenzi ya TCC Plc, ninayo furaha kuwasilisha muhtasari wa utendaji wa TCC Plc kwa mwaka ulioishia Desemba 31, 2023. Juhudi na kujitoa kwetu katika uwajibikaji na ukuaji endelevu wa biashara ziliendelea kuba kua thabiti kwa mwaka mzima.

Tukiwa tunaongozwa na dhumuni letu la "Kutengeneza Nyakati za Furaha. Kutengeneza Kesho iliyo Bora Zaidi." tumebaki waaminifu katika kanuni zetu za msingi, tukihakikisha kwamba tunavipa kipaumbele na kuzidi kutimiza matarajio ya watumiaji wa bidhaa zetu, wanahisa, wafanyakazi, na jamii kwa ujumla. Maadili yetu ya msingi ya kukuza mtazamo wa ushindi, ushirikiano kama 'Timu Moja,' ahadi ya kuzingatia ubora, na mwenendo wa uwajibikaji yamekuwa muhimu katika kusukuma mbele juhudi zetu za kimkakati.

Mafanikio ya Kifedha

Juhudi zetu za pamoja katika mwaka wa 2023 zilileta mwaka mwingine wa mafanikio ya kipekee katika nyanja za kifedha na zisizo za kifedha pamoja na mipango mikubwa ya kimkakati.

Mapato yaliongezeka kwa 9.7% mpaka kufikia TZS 373,527 milioni, yakichochea na ukuaji imara wa 11% wa mauzoya soko la ndani na la nje. Zaidi ya hayo, marekebisho ya kimkakati ya bei kwenye bidhaa zetu za daraja la juu yaliyotokana na ongezeko la ushuru wa bidhaa wa 20% mwezi Juni 2023 pia yalichangia katika ukuaji wa mapato yetu.

Ingawa takwimu zetu za faida zilipungua kidogo, kutokana na mabadiliko ya mazingira yetu ya biashara, lakini tulidhibiti utendaji thabiti wa kifedha. Faida yetu kabla ya kodi (PBT) ilipungua kwa kiasi kidogo cha 7.2% hadi kufikia TZS 99,083 milioni, na faida yetu halisi baada ya kodi (PAT) kwa mwaka ilipungua kwa 4.2% hadi kufikia TZS 66,233 milioni. Ongezeko la gharama katika maeneo mbalimbali ya biashara yetu lilikua na athari, hasa ongezeko la 13.1% katika gharama ya bidhaa zilizouzwa kutokana na gharama kubwa zaidi za malighafi zilizoagizwa kutoka nje, gharama kubwa za usafirishaji kutokana na ongezeko la gharama za mafuta na ongezeko la malipo ya huduma.

Tumejidhatiti kuendelea kushughulikia shinikizo linalotokana na ongezeko la gharama za kiuendeshaji huku tukitafuta fursa za ukuaji zilizopo katika masoko yetu lengwa kadri tunavyozidi kusonga mbele. Kipaumbele chetu kitaendelea kuwa kwenye usimamizi makini wa fedha, ambao unalenga kuongeza thamani endelevu kwa wanahisa wetu wapendwa.

Kuleta Thamani kwa Wadau

TCC Plc inalenga kujenga thamani endelevu ya muda mrefu kwa wadau wetu muhimu kupitia njia mbili kuu: thamani ya Kampuni na thamani ya kijamii. Tunaweka kipaumbele katika kuimarisha mapato ya wanahisa wakati tunachangia maendeleo endelevu ya jamii kupitia shughuli zetu za biashara, tukitambua kuwa vyote ni muhimu.

Zaidi ya Faida: ahadi yetu ya kuwajibika kwenye jamii

Mkakati wetu endelevu unajengwa katika nguzo kuu tatu bidhaa na huduma, watu (usalama, uwekezaji katika jamii, mwajiri bora), na ushirikiano na wasimamizi wa sheria.

Kuhusu bidhaa na huduma, lengo letu ni kuwapa watumiaji wetu bidhaa mbalimbali zenye ubora na ubunifu. Pia, tumengeza bidhaa mpya kwa kuingiza Winston Expand mwezi Julai 2023.

Katika nguzo yetu ya watu, usalama umeendelea kuwa sehemu muhimu ya shughuli zetu na kipaumbele katika kila tunachofanya, tukizingatia umiliki na mabadiliko ya tabia za wafanyakazi. Miradi yetu ya uwekezaji kwa jamii imenufaisha zaidi ya wanajamii 1,700, na wafanyakazi wakichangia jumla ya masaa 360. Aidha, kwa mara ya sita mfululizo, taasisi ya Global Top Employer imetutambua kama mwajiri bora, hasa katika usimamizi wa vipaji, uwezesaji, na juhudi za kuwa na mfumo unaojumuisha watu kutoka jamii tofauti. Zaidi ya hayo, tumeweza kuongeza ushiriki wa wanawake katika nguvu kazi hadi asilimia 21.2%, kutoka 20% mwaka 2022, tukilenga kufikia asilimia 30% ya nguvu kazi ya wanawake ifikapo mwaka 2030. Katika usimamizi wa mnyororo wa thamani, tumepunguza uzalishaji wa gesi chafu kwa 4% na uzalishaji wa taka kwa 50%.

Kuhusu ushirikiano na wadau wanaosimamia sheria, tulishirikiana kikamilifu na watengeneza sera na watoa maamuzi ili kupata sheria zenye kuchochea haki na usawa, na tukashirikiana na mashirika ya serikali kupambana na biashara haramu ya bidhaa za tumbaku. Jitihada hizi zinathibitisha dhamira yetu ya kudumisha mbinu endelevu na zenye uwajibikaji.

Gawio na Fursa za Ukuaji

Bodi ya Wakurugenzi ya TCC Plc ilipendekeza malipo ya gawio la mwisho la kawaida la TZS 200 kwa kila hisa kwa mwaka wa fedha ulioishia Desemba 31, 2023. Pamoja na

gawio la kawaida la kati la TZS 300 kwa kila hisa lililolipwa kwa wanahisa mwezi Juni 2023, hii inafikisha jumla ya gawio la kawaida kwa mwaka huo kufikia TZS 500 kwa kila hisa. Utoaji wa gawio wa kiwango cha 76% ya faida halisi unaonesha ushindani wa urejeshaji wa faida kwa wanahisa wetu huku pia ukiwawezesha kudumu kwenye uwekezaji upya kwa ajili ya ukuaji wa baadaye.

Gawio la mwisho la kawaida, ambalo litatokana na idhini ya wanahisa katika Mkutano Mkuu wa Wanahisa mwezi Aprili 2024, litalipwa mwezi Mei 2024.

Matazamio kwa Mwaka 2024

Ninapoangalia mwaka 2024, nina matumaini makubwa kuhusu mwenendo wa biashara ya TCC Plc japokua kuna changamoto za kiuchumi ulimwenguni, na mivutano ya kisiasa inayoendelea.

Kwa Tanzania Bara, ukuaji wa biashara unatarajiwa kuelelea kuwa imara, pamoja na wastani wa ukuaji wa pato la taifa wa 5.2% katika robo ya kwanza ya mwaka 2024. Pia, mtazamo wa mfumuko wa bei ni mzuri, na utabiri unaonyesha kiwango cha mfumuko wa bei cha takriban 3.2%, ambacho kiko chini ya lengo la mfumuko wa bei wa 5%.

Zaidi ya hayo, tunatiwa moyo na uboreshaji wa mazingira ya biashara na uwekezaji nchini Tanzania. Hata hivyo, tunaendelea kuwa makini na hatari kutoka nje ya Tanzania zinazoweza kutuathiri kibiashara, kama vile mivutano ya kijioografia na kisiasa, ambayo inaweza kuathiri gharama ya bidhaa zinazoagizwa kutoka nje ya nchi.

Hata hivyo, kwa mkakati wetu thabiti na uwezo wetu kiuendaji, tumejipanga vyema kukabiliana na changamoto na kutumia kikamilifu fursa zinazojitokeza.

Shukrani

Ninatoa shukrani za dhati kwa wadau wetu kwa kutuunga mkono. Shukrani maalum kwa kampuni yetu mama, JTI, uongozi na wafanyakazi wetu wenye bidii, Serikali na taasisi zake, na taasisi za kibiashara kwa msaada wao wenye thamani kubwa kwa mwaka wa 2023. Kwa pamoja, tunatarajia kufatilia na kutimiza malengo yetu ya pamoja.

Paul Makanza
Mwenyekiti wa Bodi, TCC Plc



Message from CEO

Dear Esteemed Shareholders,

As I reflect on the fiscal year ended December 31, 2023, I address you with immense pride and a profound sense of responsibility. Guided by our unwavering PURPOSE to “Creating fulfilling moments. Creating a better future.”, we have navigated the past year enhancing our brand strength, ensuring sustainable growth, and committing to our Environmental, Social, and Governance (ESG) responsibilities.

2023 Performance Highlights

Despite challenging conditions, TCC Plc showcased remarkable financial resilience in 2023, proving our strategic agility and resilience. Our revenue reached TZS 373,527 million, marking a 9.7% increase over the previous year. This growth was fueled by an 5.1% increase in domestic sales volume in mainland Tanzania and Zanzibar reaching a total of 6.0 billion stick and a 18.2% surge in export sale volume to 3.7 billion stick.

Even with a 20% hike in excise duty mandated by the 2023/24 Fiscal Act, our gross profit grew by 7% to TZS 204,097 million demonstrating our financial prudence, strong brand equity and strategic adaptability amidst headwinds. We also reported a healthy net increase in cash flow of TZS 20,682 million, underscoring our financial stability and operational efficiency.

Unwavering Commitment to Stakeholders

At the core of our corporate philosophy lies a strong commitment to shareholders, the community, respect for our employees, and a relentless pursuit of customer-centricity:

Customer Centricity: Our dedication to meeting customer needs through new product offerings, quality improvements, distribution enhancements, and effective brand communication has expanded our market share to 92.2%.

Shareholder Value: Since our listing on the Dar es Salaam Stock Exchange in 2000, we have continually strived to exceed the expectations of our investors by relentlessly pursuing the creation of corporate value sustainably. This fiscal year, while generating a positive cash flow, we are proud to offer dividends that significantly exceed the average, at TZS 500 (Dividend ratio 76%).

Community Contribution: Our ethical conduct and professionalism have significantly contributed to the country's revenues through excise taxes of TZS 180,906 million, VAT of TZS 87,094 million and income tax of TZS 37,891 million. Moreover, our continuous social engagement efforts are outlined below.

Employee Satisfaction: Our achievement of the Top Employer Award in 2023 for the 6th consecutive year and considerable progress toward our 2030 diversity goals demonstrate our investment in employee growth and well-being, as evidenced by the increased evaluations in our annual Employees Engagement Survey.

Key stakeholder engagement: The promotion of active mutual understanding and collaboration with key stakeholders, symbolized by the President of the United Republic of Tanzania, the Prime Minister, and various ministries, has been strengthened as a cornerstone of business growth.

Advancing Our ESG Journey

2023 marked a crucial year on our ESG journey, making significant strides in environmental stewardship, social impact, and governance:

Environmental Achievements: We significantly advanced in reducing our environmental footprint, decreasing total energy consumption by 4% and water usage by 34%. Our waste management efforts led to recycling 71% of the total 242 tons of waste generated and repurposing 464 tons of recyclable materials from our production cycle.

Social Engagement: Following signing of the Memorandum of Understanding (MOU) between the Tanzanian government and JT Group, in 2023 we invested a total of TZS 410.5 million in community development projects focusing on youth and women's economic empowerment,

educational scholarships, environmental conservation, and support for individuals with disabilities.

Exemplary Governance: Our unwavering stance against corruption and bribery, coupled with responsible marketing practices, underscores our commitment to ethical governance and consumer welfare.

Looking Forward to 2024: A Year of Decisive Action

As we step into 2024, we are poised at a critical juncture. Our decision to adjust the retail recommended price of Winston, our flagship brand, from TZS 100 to TZS 150 per stick, reflects our commitment to the sustainable future of Tanzania's tobacco industry. This adjustment at this price segment, the first in five years, is a strategic move necessitated by the cumulative effects of inflation and the evolving economic landscape. It is a bold step towards ensuring the viability of the industry and the livelihood of the millions it supports.

Our legacy of 62 years in Tanzania is a story of commitment, innovation, and responsibility. The decision to adjust our pricing strategy is not taken lightly but is a calculated move to address the challenges and opportunities that lie ahead. It is a testament to our dedication to the industry and its sustainable future. While it is too early to predict the full impact of this decision, the initial indicators are promising, and we are confident that our comprehensive preparations and dialogue with our partners will lead to a successful transition.

Infinite Gratitude

In conclusion, I extend my heartfelt gratitude to our shareholders, dedicated employees for their commitment and all stakeholders for their unwavering support. Together, we overcome challenges and actively forge a sustainable future for TCC Plc and our broader community. I look forward to continuing this journey with unity and dedication to excellence.

With warm regards,

Takashi Araki
Chief Executive Officer, TCC Plc



Ujumbe kutoka kwa Afisa Mtendaji Mkuu

Ndugu Wanahisa, Nikitafakari mwaka wa fedha ulioishia Desemba 31, 2023, nazungumza nanyi kwa fahari na uwajibikaji mkubwa tukiongozwa na DHUMUNI letu linalosisitiza "Kutengeneza Nyakati za Furaha. Kutengeneza Kesho iliyo Bora Zaidi." tumepita kipindi cha mwaka 2023 tukiboresha nguvu ya muonekano wa chapa za bidhaa yetu, kuhakikisha ukuaji endelevu, na kujitolea kutimiza majukumu yetu ya kimazingira, kijamii, na kiutawala (ESG).

Mambo Muhimu Kiutendaji Mwaka 2023

Licha ya changamoto mbalimbali, TCC Plc ilionyesha ustahimilivu thabiti wa kifedha kwa mwaka wa 2023, ikithibitisha wepesi na uwezo kimkakati wa ustahimivu. Mapato yetu yalifikia TZS 373,527 milioni, ikimaanisha ongezeko la 9.7% ikilinganishwa na mwaka uliopita. Ukuaji huu ulichochea na ongezeko la 5.1% katika mauzo ya ndani ya Tanzania Bara na Zanzibar, hadi kufikia jumla sigara bilioni 6 na ongezeko la 18.2 la mauzo ya nje lililofikia mauzo ya sigara bilioni 3.7.

Pamoja na ongezeko la 20% la kodi ya ushuru wa bidhaa uli-otokana na Sheria ya Fedha ya 2023/24, faida yetu ya jumla ya mauzo ilikua kwa 7% na kufikia TZS 204,097 milioni, ingawa kiwango cha faida ya uendeshaji kilipungua kutoka 32% mwaka wa 2022 hadi 27% mwaka wa 2023, ikidhihirisha uthabiti wetu kifedha, uimara wa muonekano wa chapa yetu na uwezo wetu wa kubadilika kimkakati katikati ya changamoto. Pia tuliripoti mtiririko mzuri wa pesa taslimu wa TZS 20,682 milioni, ukitilia mkazo uthabiti na uimara wetu wa kifedha na ufanisi wetu wa uendeshaji.

Dhamira Thabiti kwa Wadau

Msingi wa falsafa yetu kama Kampuni ni dhamira thabiti kwa wanahisa, jamii, heshima kwa wafanyakazi wetu, na kuzingatia mahitaji ya wateja.

Mteja kama mlengwa mkuu: Utekelezaji wetu wa kukidhi mahitaji ya wateja kupitia ofa za bidhaa mpya, uboreshaji wa bidhaa zetu, kuimarisha usambazaji, na mawasiliano yenye ufanisi kuhusu muonekano wa chapa zetu za bidhaa imeongeza soko letu hadi kufikia 92.2%.

Thamani kwa Wanahisa: Tangu tulipoorodheshwa kwenye Soko la Hisa la Dar es Salaam mwaka 2000, tumeendelea kujitahidi kuvuka matarajio ya wawekezaji wetu kwa kuen- delea bila kuchoka kutengeneza thamani ya Kampuni kuwa endelevu. Mwaka huu wa fedha, pamoja na kuleta mtiririko chanya wa fedha, tunajivunia kutoa gawio la TZS 500 kwa kila hisa ambalo kwa kiasi kikubwa linazidi wastani (uwiano wa gawio 76%).

Mchango kwa Jamii: Mienendo yetu ya kimaadili na weledi imechangia kuongezeka kwa mapato ya nchi kupitia kodi ya ushuru wa forodha ya TZS 180,906 milioni, na kodi ya ongezeko la thamani (VAT) TZS 87,094 milioni na kodi ya mapato ya TZS 37,891 milioni. Zaidi ya hayo, juhudi zetu endelevu za kijamii zimeelezewa hapo chini.

Kuridhika kwa Wafanyakazi: Ushindi wetu wa tuzo ya mwajiri bora wa mwaka 2023 kwa mwaka wa sita mfululizo na maendeleo makubwa kuelekea malengo yetu ya 2030, yanathibitisha uwekezaji wetu katika ukuaji na ustawi wa wafanyakazi, kama inavyodhihirishwa na ongezeko la tathmini katika Utafiti wetu wa kila mwaka wa ushirikishwaji wa wafanyakazi ili kutoa mawazo yao.

Mikutano na Wadau muhimu: Uhamasishaji wa maelewano na ushirikiano na wadau muhimu, ulioakisiwa na Rais wa Jamhuri ya Muungano wa Tanzania, Waziri Mkuu, na wizara mbalimbali, umeimarishwa kama msingi imara wa ukuaji wa biashara.

Kuimarisha Safari Yetu Kijamii, Kimazingira na Kiutawala (ESG)

Mwaka 2023 ulikuwa mwaka muhimu katika safari yetu ya ESG, tukipiga hatua kubwa katika utunzaji wa mazingira, mchango kwa kijamii, na utawala.

Mafanikio ya Kimazingira: Tumepiga hatua kubwa katika kupunguza athari katika mazingira yetu, tukipunguza matumizi ya nishati kwa 4% na matumizi ya maji kwa 34%. Juhudi zetu za usimamizi wa taka zilisaidia kuchakata 71% ya jumla ya tani 242 za taka zilizozalishwa na kutumia upya tani 464 za taka zinazoweza kuchakatwa upya kutoka kwa mzunguko wetu wa uzalishaji.

Ushirikiano na Kijamii: Baada ya kusainiwa kwa Mkataba wa Makubaliano (MOU) kati ya serikali ya Tanzania na JT Group, mwaka 2023, tuliwekeza jumla ya TZS 410.5 milioni katika miradi ya maendeleo ya jamii inayolenga uwezeshaji

wa vijana na wanawake kiuchumi, ufadhili wa masomo, uhi-fadhi wa mazingira, na msaada kwa watu wenye ulemavu.

Utawala Bora wa mfano: Kusimama kwetu imara dhidi ya ufasadi na rushwa, pamoja na uwajibikaji katika masoko, inathibitisha dhamira yetu ya utawala bora wa kimaadili na na kuzingatia maslahi ya watumiaji.

Matazamio ya Mwaka wa 2024: Mwaka wa Maamuzi Madhubuti ya Kiutekelezaji

Tunapoingia mwaka wa 2024, tuko katika wakati muhimu. Uamuzi wetu wa kurekebisha bei iliyopendekezwa ya rejare- ja ya sigara ya Winston, chapa ya bidhaa yetu kuu, kutoka TZS 100 hadi TZS 150 kwa kila sigara, unaonyesha dhamira yetu kwa mustakabali endelevu wa sekta ndogo ya tumba- ku nchini Tanzania. Marekebisho haya ya bei ni ya kwanza kutokea miaka mitano iliyopita ikiwa ni hatua ya kimkakati inayotokana na athari za mfumko wa bei na hali ya kiuchumi inayobadilika. Hatua hii inalenga kuhakikisha uhai wa sekta ya tumbaku na Maisha ya mamiloni wanayoitegemea.

Urithi wetu wa miaka 62 nchini Tanzania unaonyesha kuji- toa katika uvumbuzi na uwajibikaji. Uamuzi wa kurekebisha mkakati wetu wa bei hauchukuliwi kirahisi bali ni hatua mad- hubuti ya kushughulikia changamoto na fursa zinazokuja. Ni ushuhuda wa kujitoa kwetu kwa sekta na mustakabali wake endelevu. Ingawa ni mapema mno kutabiri matokeo kamili ya uamuzi huu, viashiria vya awali vinatia matumaini, na tuna uhakika kwamba maandalizi yetu ya kina na mazungumzo na washirika wetu yatapelekea mabadiliko yenye mafanikio.

Shukrani za Dhati

Kwa kuhitimisha, napenda kutoa shukrani zangu za dhati kwa wanahisa wetu, wafanyakazi wetu wanaojitoa kwa dha- ti, na wadau wote kwa msaada wao usio na kifani. Pamoja, tunashinda changamoto na kwa pamoja tunajenga mustak- abali endelevu kwa TCC Plc na jamii yetu kwa ujumla. Nin- afurahi kuendelea na safari hii kwa umoja na kujitoa kwa ustadi wa hali ya juu.

Shukrani,

Takashi Araki
Afisa Mtendaji Mkuu, TCC Plc

Material Topic Identification and Sustainability Goals

for the year ended December 31, 2023

Material topics represent an organization's most significant impact on the respective economy, environment, and people, including impacts on their human rights. They may be intended or unintended, negative, or positive and long- or short term. The selection of these materiality topics created the basis of the indicator and disclosure matrix utilized for the 2023 ESG reporting.

It is important to note that JT Group has conducted its first materiality assessment in 2013 and validated it through stakeholder interviews in 2015. Since then, external circumstances and the business environment in which JT Group operates have changed. In 2021, the materiality assessment was updated. The JTI Tobacco Business sustainability materiality is based on the concept of double materiality, considering the significance to and impact on stakeholders and the society, and the significance and impact to the Tobacco Business for sustainable growth.

In the light of the existence of the JTI Tobacco Business sustainability materiality assessment as well as a global ESG governance structure, the materiality assessment for TCC Plc validated the Tobacco Business sustainability materialities among TCC Plc internal data owners and reviewed local documentation such as the TCC Plc Organogram/ Board Structure, HR/People Manuals, OSHA Reports and

Procedures, Escalation Procedures/Structures, Wage/Salary Structures, Incentive Programs, Learning and Development Plans, Procurement Policies, Anti-Corruption or Anti-Bribery Policy and Community Investment reports to name just a few.

In addition to the validation of the JTI Tobacco Business sustainability materialities a benchmarking was performed, which measured TCC Plc with the industry by comparing a variety of ESG assessments in the tobacco sector from across the globe as well as Manufacturing Sector Disclosures for the industry.

Following the data collection phase, the information was reviewed, analysed and triangulated. This resulted in a final materiality priority matrix which provides guidance into the selection of the key materialities. Based on the selected materialities, disclosures (indicators) are proposed in alignment with the GRI Standards.

Further, JTI Tobacco Business sustainability domains and targets² as published on the website by December 2023, which TCC Plc also subscribes were also mapped against the GRI Materialities to streamline reporting. The table below outlines the Tobacco Business sustainability materialities and targets, which TCC Plc also subscribes too:

JTI Tobacco Business Targets*		
1.	Product Materials and Packaging	JTI Tobacco Business will reduce the environmental impact of JTI's products and packaging through design solutions, facilitating responsible collection and disposal, and consumer awareness and education. More specifically, JTI Tobacco Business will reduce its packaging (including plastic) by 15% and ensure about 85% of its packaging is reusable or recyclable by 2025, rising to 100% by 2030. In total, recycled content will account for 20% of the tobacco business packaging by 2025.
3.	Zero Injuries	In line with the JTI Tobacco Business vision of zero workplace injuries, the JTI Tobacco Business will deploy initiatives to reduce injury rates by 25% by 2023 and 50% by 2030. (Baseline year: 2015)
4.	Community Investment	Between 2015 and 2030 the JTI Tobacco Business will invest US\$600 million to help make communities inclusive and resilient, with its employees contributing 300,000 volunteering hour. (These are JTI Tobacco Business targets.)

² Disclaimer: Tobacco Business Sustainability reporting is expected to be published in June 2024; any changes effected by the Tobacco Business Sustainability reporting that may subsequently effect TCC Plc reporting boundaries will be reviewed in July 2024 and if need be, an addendum to this report will be published subsequently on the TCC Plc website.

04

ESG PRIORITIES AND MATERIALITY TOPIC REPORTING FOR 2023 VIPAUMBELE VYA ESG NA RIPOTI YA NYANJA MUHIMU KWA 2023

Material Topic Identification and Sustainability Goals for the year ended December 31, 2023 (continued)

5.	Employer of Choice	JTI Tobacco Business will be a certified employer of choice every year in at least 60 countries by focusing on talent management, rewards and empowerment.
6.	Greenhouse Gas Emissions	The JTI Tobacco Business is committed to be Carbon Neutral for its own operations by 2030 and achieve Net-Zero Greenhouse Gas emissions across the entire value chain by 2050. In support of this, by 2030, JTI Tobacco Business will reduce emissions from its own operations (Scope 1&2) by 47% and emissions associated with leaf and non-tobacco materials (Scope 3 Category 1) by 28%, against a 2019 base year.
7.	Water	JTI Tobacco Business will reduce water use by 15%, in relation to its own operations, by 2030 (baseline year 2015).
8.	Waste	The JTI Tobacco Business will reduce waste by 20%, in relation to its own operations, by 2030 (baseline year 2015).
11.	Supplier Screening	JTI Tobacco Business will screen all key suppliers against environmental, social and governance criteria by 2023.
12.	Engagement	The JTI Tobacco Business will always protect the ability to participate in public policy debate with the aim to achieve balanced regulation that meets societal concern and supports business growth.

* The JTI Tobacco Business has further set RPP (No. 2), Forestry (No. 9) APL (No. 10), Illegal Trade (No. 13) targets, which TCC Plc does not directly subscribe too, as these domains are handled at a group level.

The table below effectively maps the Materiality Topics/Areas to GRI Indicators and above outlines JTI Tobacco Business sustainability materialities, which provides the guidance for the structure of the subsequent chapter.

Materiality Topic/Area/	GRI Indicator(s)/JTI Tobacco Business Sustainability Materialities
GOVERNANCE/UTAWALA	
Financial/Economic Performance	GRI 201
Responsible Marketing	GRI 416, GRI 417
Anti-Corruption	GRI 205
Employment Culture and Employer of Choice	GRI 2-20, GRI 2-21, GRI 2-19, GRI 401, GRI 404, GRI 405, JTI Tobacco Business Target 5
Stakeholder Engagement	GRI 2-29, JTI Tobacco Business Target 12
ENVIRONMENT/MAZINGIRA	
Energy and Greenhouse Gas Emissions	GRI 305, JTI Tobacco Business Target 6
Water	GRI 303, JTI Tobacco Business Target 7
Waste and Product Materials/Packaging	GRI 301, GRI 306, JTI Tobacco Business Target 1, JTI Tobacco Business Target 8
Biodiversity and Forestry	GRI 304
Environmental Supplier Screening	GRI 308, JTI Tobacco Business Target 11
SOCIAL/KIJAMII	
Community Investment	GRI 413, JTI Tobacco Business Target 4
Zero Injuries	GRI 403, JTI Tobacco Business Target 3
Social Supplier Screening	GRI 414, JTI Tobacco Business Target 11

The subsequent chapter reports on the progress TCC Plc relevant sustainability goals against the GRI 2021 Standards universal disclosures as well as the above identified materialities.



Materiality Analysis and Progress towards Sustainability Goals

for the year ended December 31, 2023

GOVERNANCE

Financial/Economic Performance

TCC Plc demonstrated continuous growth in 2023 as outlined in the performance review on page 16 of this report. However, operating income margin and gross profit growth were slowed down due to increased excise duties.

Further, in 2023 TCC Plc paid TZS 180,906 million in excise duty, TZS 87,094 million in VAT and TZS 32,210 million in income tax.

The Company did not receive any government assistance. (GRI 201)

Responsible Marketing

In 2023 TCC Plc did not report any incidents of non-compliance in terms of the health and safety impacts of products and services, requirements for product and service information and labelling and marketing and communications. (GRI 417) The detailed product labelling and health and safety compliance towards an informed consumer can be seen in section "Product Portfolio" of this report.

As indicated in its value chain (see page 12), TCC Plc is an innovative Company, part of this innovation is creating Reduced-Risk Products (RRP) that offer real benefits to consumers and society, however, currently TCC Plc is unable to manufacture in this direction as Tanzania tobacco laws are not in favor of RRP. (GRI 416)

Anti-Corruption

TCC Plc has a strong no-tolerance approach towards any form of corruption and bribery. 100% compliance with the Company's anti-corruption codex is a pre-requisite for doing business with TCC Plc. Further, the Company strictly forbids the provision of anything of value, whether a gift, hospitality,

money or entertainment to any Government or public official for the purpose of gaining a business advantage. This also extends to the provision of facilitation payments or fees requested by Government officials to facilitate the performance of routine Government actions.

These principles are manifested in a full-fledged Anti-corruption policy; in addition, all employees must conform with the JTI Code of Conduct (CoC), which they are being trained on during their induction phase and periodically refreshed. In 2023, no incidence of corruption was reported at TCC Plc.

The JTI CoC sets out ethical business conduct and behaviors expected of all employees, including the those at TCC Plc, while conducting business. Employees can also raise concerns on suspected violation of the code of conduct through their supervisors or anonymously via YOUR VOICE platform. In 2023 no incidence was reported through the platform for TCC Plc. (GRI 205)

Employment Culture and Employer of Choice

At TCC Plc all employees are paid based on their respective role/position which is linked to defined Anchor Bands (AB)/ salary scales. Each AB defines the range of salary for every job within the Organization. The remuneration process is under the Global Rewards department in JTI HQ who are responsible to provide the overall guideline and reward/remuneration structure, however the local markets, including TCC Plc, are responsible in ensuring the remunerations are in line with governing laws, business environment, Company affordability, labour market (competitiveness) etc. The remuneration process is managed by the Rewards section in the People and Culture Department and approved by TCC Plc Management and Global Rewards.



Materiality Analysis and Progress towards Sustainability Goals for the year ended December 31, 2023 (continued)

As of 2022 a Collective Bargain Agreement (CBA) has been signed by Management and the Employee's Union (TUICO) which remains valid till 2025. The agreement has enhanced most employees' issues including allowances i.e. transport, per diem, meals and children's education. (GRI 2-20)

Furthermore, to encourage increased performance considering the Company's 2030 goal of creating a future pool of talented workforce TCC Plc offers a variety of incentive programs, which include:

- Short-Term Incentive – This is bonus based on the year end achievement of defined Company KPIs.
- Long-Term Incentive Plan – Based on eligibility and given to high performing employees (Talents) as a retention plan.
- Sales Incentives – Given to sales employees on a monthly basis, for set KPIs and Targets.
- Annual Salary Review – Done yearly and based on employee performance among other criteria.
- Special Achievement Award – Given to employees with exceptional performance over and above set objectives/expectation.

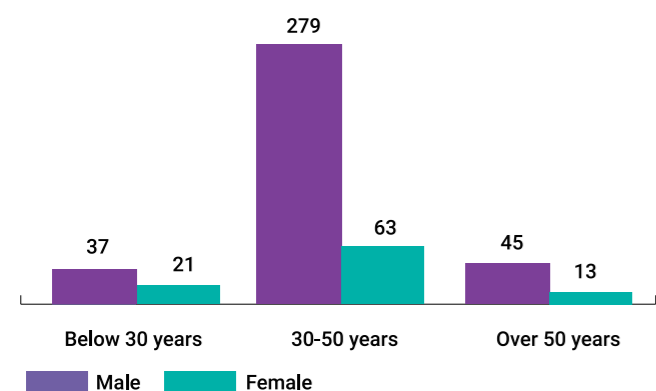
To improve overall employee experience TCC Plc conducts

an annual Employee Engagement Survey to gather employees' views on different subjects, remuneration inclusive. It is important to note that the ratio of annual total compensation is 0.13 (referring to the highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual) and the average annual increase in annual salary review was 6% across all employees. (GRI 2-21)

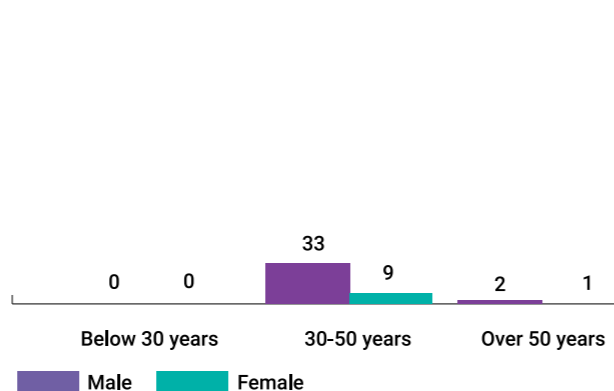
Further TCC Plc provides additional benefits to its employees, such as medical insurance covering staff members, including a maximum of five dependents, this is covered by Strategies Insurance Tanzania. In addition, there is an employee wellness program to raise awareness and educate employees on prevention of common ailments such as diabetes, hypertension, obesity, malaria, Cancer and HIV/ AIDS and support employees with counselling services. Currently this service is outsourced and provided by Aris Risk and Insurance Solution Limited.

Lastly, Management encourages staff to join Mkombozi Savings and Credit Co-operative Society (SACCOS) to assist in promoting the welfare of its employees. The Company also provides education allowance for its eligible employees. (GRI 2-19)

Employees by Gender and Age



Organizations governance bodies by gender and age



Materiality Analysis and Progress towards Sustainability Goals for the year ended December 31, 2023 (continued)

TCC Plc is an equal opportunity employer. It does not discriminate based on gender or religion. As of December 31, 2023 the Company had 448 employees plus 11 Trainees (2022: 438 employees active including Trainees).

Female employees constituted 21.2% (97) (2022:19.6%-86) of the total workforce and as indicated in the charts above, only 12.6% (58) of the total workforce were below the age of 30. Among the institutions governance bodies female participation is slightly above the employee's gender split with 22.2% (10); however, no person below the age of 30 years sits in any of the governance bodies.

Throughout the reporting period 40 new hires were made, out of which 40% were female, it is also worth noting that the average age of the new hires was youthful with 27. (GRI 405) The company had 11 Trainees, and all were based in the Dar es Salaam Head Office. These trends support the Company's Diversity, Equity, and Inclusion (DE&I) focus which includes the 2030 goal of a 30% female workforce which is fit for future. (GRI 401) In 2023 TCC PLC reports only 2 PWDs (0.4%) working at the Company, compared to 3 in 2022.

Further TCC Plc aspires to maintain its strong position as a certified employer of choice by focusing on people and culture (HR) policies and practices, talent management, rewards, and empowerment. (Tobacco Business Target 5) Apart from the above outlined reward system TCC PLC has a strong talent management and personal development strategy which serves to identify, attract, develop, and retain the right talents who are well prepared for future challenges and exciting opportunities within the Company. In 2023 the Com-

pany invested TZS 500 million (TZS 1.1 million per employee) in training and development which focused on training and skills development, evolving performance management, talent development and career pathing, change management as well as the fostering of a strong culture of learning and engagement. In addition, all employees received regular performance and career development reviews. (GRI 404)

The above outlined initiatives and fair compensation efforts by TCC Plc reflected in the high levels of employee satisfaction which reached 84% in the 2023 employee satisfaction survey which saw a 99% participation rate. Lastly TCC Plc was the proud winner of the Top Employer award 2023, which is a global certification programme that enables organisations to assess and improve the workplace environment.

Engagement

TCC Plc has actively positioned itself as a voice for mental health awareness, cyber security awareness and a supporter of the embrace equity empowerment in 2023 holding various social media campaigns in support of these pertinent issues. Further, considering TCC Plc's strong role as one of the key manufacturing companies in Tanzania it has significantly contributed to public engagement through its active role in the Confederation of Tanzania Industries (CTI) and has as such supported public-private sector dialogue towards enabling regulation, equal social growth as well as a conducive business environment. (JTI Tobacco Business Target 12, GRI 2-29)

Materiality Analysis and Progress towards Sustainability Goals for the year ended December 31, 2023 (continued)

ENVIRONMENTAL

Energy and Greenhouse Gas Emissions

TCC Plc has taken deliberate action, as per the JTI Tobacco Business Target to become carbon neutral (having a balance between emitting carbon and absorbing carbon from the atmosphere in i.e., carbon sinks) by 2030 and achieve Net-Zero Greenhouse Gas emissions across the entire value chain by 2050. (JTI Tobacco Business Target 6)

Throughout TCC Plc operations in 2022 the energy consumption stood at 11,383.65 MEJ/MMCig, in 2023 energy consumption was successfully reduced to 10,954.10 MEJ / MMCig.

TCC Plc in 2023 recorded a total energy consumption from non-renewable resources 110,782 GJ and about 710 GJ were generated from renewable sources.

TCC PLC tracks its energy consumption through a global reporting tool (CR 360).

Currently, the Company is concerned about reducing its own GHG (Scope 1&2) in 2023 GHG for TCC PLC was at 0.561 Tonnes per every Million cigarettes produced (TO/MMCig). (GRI 305)

Water

TCC Plc, as the JTI Tobacco Business Target, has effectively reduced water use in relation to its own operations (JTI Tobacco Business Target 7). TCC Plc continuous to exceed this target with an overall water consumption reduction of 34% in 2023.

The table below indicates the 2023 water withdrawal and discharge (GRI 303):

Withdrawal	Discharge
By water source:	In 2022, the Company successfully treated 37% of the wastewater, in 2023 this was increased to 43%.
Groundwater: 32420 cubic meters (other water)	The water is treated on site following local and international standards as per IMS policy. The treated water is then used for Gardening at the factory premises.
Third-party water: 7279.2 cubic meters (Freshwater)	

Waste and Product Materials/ Packaging

TCC Plc, in line with the JTI Tobacco Business Target, is working to reduce waste. (JTI Tobacco Business Target 8) In 2023 TCC Plc generated about 242 tonnes of waste out of which 171 tonnes (71%) were recycled which is a significant improvement to the baseline year of 2015 when 486.8 tonnes of waste were generated and only 113.2 tonnes (23%) recycled.

This recycling rate shows a steady increase from the 42% in 2022. Even TCC's community investment activities have been aligned to this objective by upcycled 306 empty glue bins from the manufacturing process into trash bins for clean-up campaigns in Dar es Salaam and Zanzibar, which amplifies TCC's commitment towards improved waste management.

Materiality Analysis and Progress towards Sustainability Goals for the year ended December 31, 2023 (continued)

Waste disposal is handled by a third party, which handled 242 tonnes of waste in 2023, out of which 70.8 tonnes were landfilled. (GRI 306)

Overall procurement is handled centrally at the JTI HQ, with majority of production materials are being globally managed/ sourced this limits availability of information in terms of the actual sourcing at the local level. Nonetheless from within the production cycle TCC PLC reports that reusable materials amounted to 464 tonnes, which are considered as nonwasted materials. (JTI Tobacco Business Target 1, GRI 301)

Biodiversity

The factory is established in a designated industrial area, along Pugu Road - Dar es Salaam, an urban hotspot. Hence, no primary biodiversity or water source obstruction has been caused by the factory. (GRI 304) In terms of re-forestation in local communities, TCC Plc does not engage in direct local procurement of tobacco leaves and as such has no direct linkage to local farmers; rather JTI procures from a variety of tobacco leaf aggregators which are held accountable based on various supplier criteria.

Environmental Supplier Screening

For local procurement, all key suppliers are screened (JTI Tobacco Business Target 11), however, overall, approximately 15%-20% of all new suppliers are screened using environmental criteria (GRI 308). Although sustainability is a core part of the selection criteria, TCC Plc can apply a certain level of discretion, for that reason, TCC Plc highlights environmental criteria when it seems most applicable (e.g. goods or services with clear environmental impact). Post the initial assessment no further tracking is deployed, however sometimes TCC, through its international procurement office requests for deliberate changes such as shipping suppliers were asked to move to recycled content shipping cases and employee transport provider was asked to move away from diesel to natural gas fuel. (GRI 308)

Materiality Analysis and Progress towards Sustainability Goals for the year ended December 31, 2023 (continued)

SOCIAL

Community Investment

TCC Plc has a Strategic Focus Areas Plan 2022 -2024 for its community investments, focusing on four key areas, which are outlined in the graphic to the left. In 2023 all these areas were touched by a variety of initiatives; overall Community Investment spending went to TZS 410,500,000 in 2023 and volunteers recorded over 360 hours of volunteering (JTI Tobacco Business Target 4).

Strategic Focus Areas 2022-2024

<p>Economic Empowerment Support less privileged people particularly disabled, elderly, older youth and women to improve their livelihoods.</p>	<p>People with Disabilities Provision of assistive devices to people living with disabilities to increase their access to opportunities (social economic).</p>
<p>Scholarship Program Scholarship Support to marginalized or less privileged older youths on Visual Performing Arts and Culture</p>	<p>Natural Environment To promote conservation of natural resource base (water, soil, trees and local biodiversity) and clean-up Initiatives</p>

Precise activities include (GRI 413):

People with Disabilities

In 2023, TCC Plc supported PWD communities with 630 assistive devices including 30 tricycles, 200 white canes, 400 crutches as well as prosthetic legs etc.

The Company also supported universities with learning materials for disabled students (100 noise cancelling headphones, 10 special laptops, 100 voice recorders, 10 braille machines).

Economic Empowerment

In 2023, groups of elder youth and women were supported with 140 tailoring machines and 2 jaw crushing machines, to boost their income generating activities, in Dar Es salaam, Tanga, Mwanza, Mtwara, and Kigoma.

In 2023, 15 groups from Tanga were supported through TCC Fanikisha Biashara Team Challenge. TCC Fanikisha Biashara Team Challenge is a collaborative program between TCC Plc, the Tanzania Entrepreneurship and Competitiveness Centre (TECC), and local authorities. It aims at economically empowering young men and women groups located in rural villages of Tanzania. The project is executed in competition format where groups of older youths & women who already have existing businesses register to take part in the challenge. These groups are selected by coordination with the respective office of District Executive Director (DED) which is the custodian of all registered groups.

Further, TCC Plc distributed 150 modern beehives to 10 groups of women and youth beekeepers in Tanga.

The Company also supported the establishment of a weaving centre in Mbeya to create self-employment to elder youths and women.

Scholarship Programs

TCC Plc supports to nurture young talents by providing scholarships in visual and performing arts studies, in collaboration with Bagamoyo college of Arts (TaSUBa). In 2023, 25 students were awarded the scholarship.

Further, in collaboration with the Embassy of Japan, TCC Plc has a global scholarship program to support Tanzanians to pursue Masters studies in Japanese Universities. TCC Plc has 1 scholarship awardee pursuing Master’s studies in Akida University.

Natural Environment

TCC Plc hosts annual clean-up event in various areas. In 2023, TCC Plc hosted a “Clean, Conserve the Ocean” at Pweza Beach, Kigamboni. The Company upcycled 306 empty glue bins from the manufacturing process into trash bins for clean-up campaigns in Dar es Salaam and Zanzibar.

TCC Plc distributed 3,000 avocado tree seedlings to groups of elderly youths in Mbeya.

Materiality Analysis and Progress towards Sustainability Goals for the year ended December 31, 2023 (continued)

Zero Injuries

TCC Plc is committed to a strong health and safety culture at its operating sites and for its direct value chain. As per the fully endorsed and implemented IMS Policy a clear commitment of management in achieving all the EHS management system compliance can be observed. TCC Plc provided strong evidence of up-to-date and completed risk assessments which identify any hazards (HSF-02). The thorough implementation of risk assessments and subsequent preventive measures taken showed a high level of effectiveness with only one Lost Time Injury incident reported in 2023.

Through a dedicated EHS team on site all standards are being monitored and it is ensured that TCC Plc Standards cover all workers and contractors. TCC Plc has a strong OHS committees on each site and procedures that govern the team with their responsibilities and tasks. Depending on specific site risks trainings have been conducted.

A clinic has been established on site servicing all employees and contractors in case of emergency. Further, wellness programs tend to cater for employee health awareness and sessions. And through different awareness and campaigns and

training courses the Company tends to all high-risk activities and improve safety culture.

Overall TCC Plc is governed by ISO 45001:2018. (GRI 403, JTI Tobacco Business Target 3)

Social Supplier Screening

For local procurement, all key suppliers are screened (JTI Tobacco Business Target 11), however, overall, approximately 25%-30% of all new suppliers are screened using social criteria (GRI 414). Although sustainability is a core part of its selection criteria, TCC Plc has a certain level of discretion in how this is applied (e.g. economic, social, environmental). For that reason, the Company highlights social criteria when it seems applicable). It is important to note that TCC Plc does not conduct any follow up tracking or monitoring on actual or potential negative social impacts. Also, no external assessments in terms of environmental and social impacts have been made by TCC Plc. (GRI 414)

Utambuzi wa Nyanja Muhimu na Malengo Endelevu

kwa mwaka uliomalizika Desemba 31, 2023

Maeneo ya msingi yanayogusa taasisi yamejikita kwenye uchumi, mazingira, na watu, ikiwa ni pamoja na athari za shughuli za Kampuni kwa haki za kimsingi za binadamu kwenye maeneo tajwa. Athari hizi zinaweza kuwa zimekusudiwa au zisizo za kusudiwa, hasi au chanya na za muda mrefu au mfupi. Uchaguzi wa maeneo haya ya kipaumbele uliunda msingi wa viashiria vilivyotumika kwenye ripoti ya ESG ya mwaka 2023 ya Kampuni.

Ni muhimu kuzingatia kwamba JT Group ilifanya tathmini yake ya kwanza kwenye maeneo ya msingi mwaka 2013 na kuihakiki kupitia mahojiano na wadau mwaka 2015. Tangu wakati huo, mazingira ya nje na mazingira ya kibiashara ambayo JT Group inafanya kazi yamebadilika. Mwaka 2021, tathmini ya maeneo ya msingi yanayohusiana na shughuli za kampuni ilifanyika na marekebisho kufanyika kuendana na hali ya sasa ilivyo. Umuhimu wa JTI, Biashara ya Tumbaku ya JT Group, kuwa biashara endelevu unategemea dhana mbili muhimu, zinazozingatia tumbaku kama biashara yenye faida hasi na chanya kwa wadau na jamii, na umuhimu pamoja na athari kwa biashara yenyewe ili kupata biashara endelevu.

Kwa kuzingatia uwepo wa tathmini ya uendelevu wa JTI, Biashara ya Tumbaku ya JT Group, pamoja na muundo wa utawala wa kimataifa wa ESG, tathmini ya maeneo ya msingi ya TCC Plc ilihakiki tu maeneo yanayochochea hali ya uendelevu wa JTI, Biashara ya Tumbaku ya JT Group, kutokana na taarifa za ndani za Kampuni. Kupitia hilo, marejeo ya taarifa kama miongozo ya Watumishi, Ripoti na Taratibu za OSHA, Taratibu/Miongozo ya Kupandisha

Mishahara, Miongozo ya Malipo/Mshahara, Programu za kuongeza ari na motisha kwa wafanyakazi, Mipango ya Mafunzo na Maendeleo kwa wafanyakazi, Sera za manunuzi, Sera ya Kupambana na Rushwa na Ripoti za Uwekezaji kwa Jamii.

Mbali na uhakiki wa masuala muhimu ya uendelevu wa JTI, Biashara ya Tumbaku ya JT Group, ulinganisho ulifanyika, ili kuipima TCC Plc dhidi ya Kampuni zingine zinazojihusisha na biashara husika kwa kulinganisha aina mbalimbali za tathmini za ESG katika sekta ya tumbaku kote duniani pamoja na tathmini zingine katika sekta ya uzalishaji kwa ajili ya uelewa zaidi.

Baada ya awamu ya ukusanyaji data kukamilika, taarifa zilizokusanywa zilipitiwa, kuchambuliwa, na kupimwa. Matokeo ya mchakato yalikusanywa kupatikana kwa jedwali la mwisho la vipaumbele muhimu vinavyotoa mwongozo katika uchaguzi wa masuala muhimu ya msingi. Kulingana na masuala yaliyochaguliwa ya msingi, viashiria husika hupendekezwa kwa mujibu wa Viwango vya GRI.

Zaidi ya hayo, maeneo na malengo endelevu² ya JTI, Biashara ya Tumbaku ya JT Group, kama yalivyochapishwa kwenye tovuti Desemba 2023, ambayo TCC Plc huyafuatisha yaliidhinishwa kulingana na mwongozo wa maeneo ya msingi ya GRI ili kurahisisha utoaji wa taarifa. Jedwali hapa chini linaonyesha maeneo ya msingi na malengo endelevu ya Biashara ya Tumbaku, ambayo TCC Plc pia huyafuata:

Malengo ya JTI, Biashara ya Tumbaku ya JT Group		
1.	Bidhaa Nyezo na Vifungashio	JTI, Biashara ya Tumbaku ya JT Group, itapunguza athari za kimazingira za bidhaa na vifungashio vya bidhaa za JTI kupitia kubuni suluhisho zinazolenga, kurahisisha ukusanyaji na utunzaji salama wa taka kwa uwajibikaji, kutoa hamasa na uelewa kwa kutoa elimu kwa watumiaji. Kwa msisitizo, JTI, Biashara ya Tumbaku ya JT Group, itapunguza ufungashaji wake (ikiwa ni pamoja na plastiki) kwa 15% na kuhakikisha kuwa kiwango kinachobaki kinaweza kutumika au kuchakatwa tena kwa 85% ifikapo 2025, na kufikia 100% ifikapo 2030. Kwa ujumla, bidhaa zilizotengenezwa tena zitachangia 20% ya vifungashio vya tumbaku ifikapo 2025.
3.	Kutokomeza matukio ya majeraha/kuumia mahali pa kazi	Kulingana na dira JTI, Biashara ya Tumbaku ya JT Group, inalenga kutokuwa na ajali zinazosababisha majeraha mahali pa kazi, JTI, Biashara ya Tumbaku ya JT Group, itapunguza viwango vya majeraha kwa 25% ifikapo mwaka 2023 na 50% ifikapo mwaka 2030. (Mwaka 2015 kama mwaka wa kipimo cha awali)

² Muhimu: Ripoti ya maeneo ya msingi ya JTI, Biashara ya Tumbaku ya JT Group, endelevu inatarajiwa kuchapishwa mwezi Juni 2024; mabadiliko yoyote yatakayofanywa na Ripoti ya Biashara ya Tumbaku endelevu yanaweza kuathiri mipaka ya ripoti ya TCC Plc yatapitiwa mwezi Julai 2024 na ikiwa itahitajika, nyongeza ya ripoti hii itachapishwa baadaye kwenye tovuti ya TCC Plc.

Utambuzi wa Nyanja Muhimu na Malengo Endelevu kwa mwaka uliomalizika Desemba 31, 2023 (inendelea)

4.	Uwekezaji kwa jamii	Kati ya mwaka 2015 na 2030, JTI Biashara ya Tumbaku itawezeza dola milioni 600 za Marekani kusaidia kufanya jamii kuwa jumuishi na zenye uwezo kustahimili chanagmoto tofauti, huku wafanyakazi wake wakichangia masaa 300,000 ya kujitolea. (Haya ni malengo ya JTI, Biashara ya Tumbaku ya JT Group)
5.	Kuwa mwajiri anaye-chagaliwa na waajiriwa	JTI, Biashara ya Tumbaku ya JT Group, itakuwa muajiri aliyethibitishwa kuwa chaguo kila muajiriwa kila mwaka katika angalau nchi 60 kwa kuzingatia usimamizi na uendelezaji wa vipaji, malipo, na uwezesaji.
6.	Uzalishaji wa Gesi ukaa	JTI, Biashara ya Tumbaku ya JT Group, imejitolea kutokuzalisha hewa ukaa kupitia shughuli zake pekee ifikapo mwaka 2030 na kufikia kiwango cha sifuri kwenye mnyonyoro wa thamani mzima ifikapo mwaka 2050. Kwa kusaidia hili, ifikapo mwaka 2030, JTI, Biashara ya Tumbaku ya JT Group, itapunguza uzalishaji hewa ukaa katika shughuli zake za uzalishaji pekee (Maeneo 1 & 2) kwa 47% na maeneo ya uzalishaji yanaohusiana na tumbaku na vifaa/bidhaa zisizo vya tumbaku (Eneo 3 Kipengele namba 1) kwa 28%, ikilinganishwa na mwaka 2019.
7.	Maji	JTI, Biashara ya Tumbaku ya JT Group, itapunguza matumizi ya maji kwa 15% katika uendeshaji wake ifikapo mwaka 2030 (ikilinganishwa na mwaka 2015).
8.	Taka	JTI, Biashara ya Tumbaku ya JT Group, itapunguza taka kwa 20%, katika uzalishaji, ifikapo mwaka 2030 (ikilinganishwa na mwaka 2015)
11.	Upimaji wa watoa huduma	JTI Biashara ya Tumbaku itachunguza watoa huduma wake wote muhimu kulingana na maeneo muhimu yanayozingatia vigezo vya utoaji wao wa huduma katika maeneo ya mazingira, kijamii na utawala wa mwaka 2023.
12.	Ushirikiano	JTI, Biashara ya Tumbaku ya JT Group, italinda daima uwezo wake wa kushiriki katika mijadala ya sera za umma kwa lengo la kufikia uhabiti ulio sawa na wa haki unaokidhi matakwa ya kijamii na kuunga mkono ukuaji wa biashara.

* JTI, Biashara ya Tumbaku ya JT Group, imeweka malengo ya RPP (Na. 2), Misitu (Na. 9) APL (Na. 10), Biashara Haramu (Na. 13), ambayo TCC Plc haifuati, kwani maeneo haya hushughuliwa katika ngazi ya umiliki wa replace with JT Group.

Jedwali lifuatalo linaonyesha kwa usahihi Vipaumbele/Maeneo ya msingi kwa kurejea viashiria endelevu, ambayo hutoa mwongozo kwa muundo wa sura inayofuata vya GRI na hapo juu linaeleza masuala ya biashara.

Vipaumbele/ Eneo la msingi	Kiashiria/Viashiria vya GRI/ Maeneo ya Msingi ya JTI, Biashara ya Tumbaku ya JT Group, Endelevu
GOVERNANCE/UTAWALA	
Matokeo ya kifedha/kiuchumi	GRI 201
Shughuli za masoko zenye uwajibikaji	GRI 416, GRI 417
Mapambano dhidi ya rushwa	GRI 205
Utamaduni wa Ajira na Mwajiri Bora	GRI 2-20, GRI 2-21, GRI 2-19, GRI 401, GRI 404, GRI 405, JTI Tobacco Business Target 5
Ushirikishwaji wa Wadau	GRI 2-29, JTI Tobacco Business Target 12
ENVIRONMENT/MAZINGIRA	
Nishati na Uzalishaji wa Gesi ukaa	GRI 305, JTI Tobacco Business Target 6
Maji	GRI 303, JTI Tobacco Business Target 7
Taka na Bidhaa Nyenzo/Vifungashio	GRI 301, GRI 306, JTI Tobacco Business Target 1, JTI Tobacco Business Target 8
Bioanuwai na Misitu	GRI 304
Upimaji wa watoa huduma katika Nyanja ya mazingira	GRI 308, JTI - Biashara ya Tumbaku ya JT Group Lengo 11
SOCIAL/KIJAMII	
Uwekezaji kwa Jamii	GRI 413, JTI - Biashara ya Tumbaku ya JT Group Lengo 4
Kutokomeza matukio ya majeraha/kuumia mahali pa kazi	GRI 403, JTI - Biashara ya Tumbaku ya JT Group Lengo 3
Upimaji wa watoa huduma wa kijamii	GRI 414, JTI - Biashara ya Tumbaku ya JT Group Lengo 11

Sura inayofuata inatoa taarifa ya malengo endelevu na hatua zilizoigwa na TCC Plc dhidi ya Viwango vya kimataifa vya GRI 2021 ikilinganishwa na maeneo yaliyoainishwa hapo juu.

Uchambuzi wa Nyanja na Hatua kuelekea Malengo Endelevu

Kwa mwaka uliomalizika Desemba 31, 2023

UTAWALA

Matokeo ya kifedha/Kiuchumi

TCC Plc ilionyesha ukuaji endelevu kwa mwaka 2023 kama ilivyoainishwa katika mapitio ya utendaji kwenye ukurasa 17 wa ripoti hii. Hata hivyo, kiwango cha mapato ya uendeshaji na ukuaji wa faida wa jumla vilipunguwa kutokana na kuongezeka kwa ushuru.

Aidha, mwaka 2023 TCC Plc ililipa ushuru wa TZS 180,906 milioni, TZS 87,094 milioni kodi ya ongezeko la thamani (VAT) na TZS 32,210 milioni katika kodi ya mapato.

Kampuni haikupokea msaada wowote wa serikali. (GRI 201)

Shughuli za Masoko zenye uwajibikaji

Mwaka wa 2023, TCC Plc haikuripoti matukio yoyote yanayohusiana na kutokufuata sheria katika maeneo yanayohusu athari za afya na usalama wa bidhaa na huduma, mahitaji ya taarifa za bidhaa na huduma na uwekaji lebo, masoko na mawasiliano. (GRI 417) Maelezo kuhusu lebo za bidhaa na viwango vya afya na usalama ili kuwaelimisha watumiaji yanapatikana katika sehemu ya "Orodha ya Bidhaa" ya ripoti hii.

Kama inavyoonyeshwa kwenye mnyororo wake wa thamani (tazama ukurasa wa 13), TCC Plc ni Kampuni inayozingatia ubunifu na maboresho ya bidhaa zake. Sehemu ya ubunifu huu ni kutengeneza bidhaa zenye athari ndogo kwa watumiaji (RRP) zenye manufaa halisi kwa watumiaji na jamii. Hata hivyo, kwa sasa TCC Plc haiwezi kuzalisha katika muktadha huu kwani sheria za tumbaku za Tanzania haziruhusu RRP. (GRI 416)

Mapambano dhidi ya rushwa

TCC Plc ina msimamo mkali usiovumilia aina yoyote ya rushwa. Utii wa asilimia 100% kwa kanuni za kupinga rushwa za Kampuni ni sharti la lazima kwa taasis au watu waofanya/wanaotaka kufanya biashara na TCC Plc. Aidha, Kampuni inakatata vikali utoaji wa kitu chochote chenye thamani, iwe

ni zawadi, ukarimu, pesa au burudani kwa afisa yeyote wa Serikali au umma kwa lengo la kupata faida ya kibiashara. Hii pia inajumuisha utoaji wa malipo ya kurahisisha au ada zinazoombwa na maafisa wa Serikali kufanikisha utekelezaji wa vitendo vya kawaida vya Serikali.

Kanuni hizi zimeorodheshwa katika sera ya kupinga rushwa ya Kampuni; Mbali na hayo, wafanyakazi wote lazima wafuate kanuni ya Maadili ya JTI (CoC), ambayo wanapatiwa mafunzo wakati wa wanapokuwa kwenye mchakato wa kuanza ajira na kufanyiwa marejeleo baada ya muda fulani. Mwaka 2023, hakuna tukio la rushwa lililoripotiwa katika TCC Plc.

Kanuni ya Maadili ya JTI inaelezea mwenendo wa kibiashara na kitabia kutoka kwa wafanyakazi wote, ikiwa ni pamoja na wale wa TCC Plc, wakati wa kufanya biashara. Wafanyakazi pia wanaweza kutoa taarifa na maoni kuhusu tuhuma za ukiukwaji wa kanuni ya maadili kupitia kwa wasimamizi wao au kwa njia ya siri kupitia jukwaa la SAUTI YAKO (YOUR VOICE). Hakuna tukio lililoripotiwa kupitia jukwaa hilo kwa TCC Plc mwaka 2023. (GRI 205)

Utamaduni wa Ajira na Lengo la kuwa Mwajiri anayevutia

Ndani ya TCC Plc, wafanyakazi wote wanalipwa kulingana na nafasi zao za kazi ambazo zimeunganishwa na Mipango ya Mishahara Iliyobainishwa (AB)/ viwango vya mishahara. Kila mpango wa mshahara unafafanua wigo wa mshahara kwa kila kazi ndani ya Shirika. Mchakato wa malipo upo chini ya idara ya Global Rewards makao makuu ya JTI ambao wana jukumu la kutoa mwongozo wa jumla na muundo wa malipo, hata hivyo, masoko ya ndani, ikiwa ni pamoja na TCC Plc, yana jukumu la kuhakikisha malipo yanalingana na sheria za nchi, mazingira ya biashara, uwezo wa Kampuni, soko la ajira (ushindani) n.k. Mchakato wa malipo unasimamiwa na sehemu ya Rewards Idara ya Watu na Utamaduni na kupitishwa na Uongozi wa TCC Plc na Global Rewards.

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Kufikia mwaka wa 2022, Mkataba wa Makubaliano ya Hali Bora za Wafanyakazi (CBA) ulisainiwa kati ya Uongozi na Muungano wa Wafanyakazi (TUICO) ambao utaendelea kuwa halali hadi mwaka wa 2025. Mkataba huo umeboresha masuala mengi ya wafanyakazi ikiwa ni pamoja na marupuru kama usafiri, posho za kila siku, chakula, na elimu ya watoto. (GRI 2-20)

Zaidi ya hayo, ili kuhamasisha utendaji bora ukizingatia lengo la Kampuni la mwaka 2030 la kuunda wafanyakazi wenye vipaji TCC Plc inatoa aina mbalimbali za programu za kuongeza ari na motisha, ambazo ni pamoja na:

- Motisha ya Muda Mfupi- Hii ni bonasi kulingana na mafanikio ya mwisho wa mwaka ya malengo waliyowekewa na Kampuni kama sehemu ya kazi zao (KPI).
- Mipango ya Motisha ya Muda Mrefu - Kulingana na sifa na kutolewa kwa wafanyakazi wenye utendaji mzuri (Vipaji) kama mpango wa kuendelea kuwa na wafanyakazi husika kwa muda mrefu.
- Motisha ya mauzo - Hutolewa kwa wafanyakazi wa idara ya mauzo kila mwezi, kwa viwango walivyowekewa kama sehemu ya kazi zao na malengo yaliyowekewa.
- Tathmini ya Mishahara ya Mwaka- Hufanywa kila mwaka na kwa kuzingatia utendaji wa mfanyakazi miongoni mwa vigezo vingine.
- Tuzo la Mafanikio Maalum- Hutolewa kwa wafanyakazi wenye utendaji wa kipekee zaidi ya malengo/matarajio yaliyowekewa.

Ili kuboresha uzoefu wa jumla wa wafanyakazi, TCC Plc inafanya Utafiti wa Ushirikishwaji wa Wafanyakazi kila mwaka ili kukusanya maoni ya wafanyakazi kuhusu mada mbalimbali, ikiwa ni pamoja na malipo. Ni muhimu kutambua kwamba uwiano wa malipo ya jumla ya mwaka ni 0.13 (ikirejelea

kwa mtu anayelipwa zaidi ikilinganishwa na malipo ya kati ya jumla ya mwaka kwa wafanyakazi wote (isipokuwa mtu anayelipwa zaidi) na ongezeko la wastani la mwaka la mapitio ya mshahara lilikuwa asilimia 6 kwa wafanyakazi wote. (GRI 2-21)

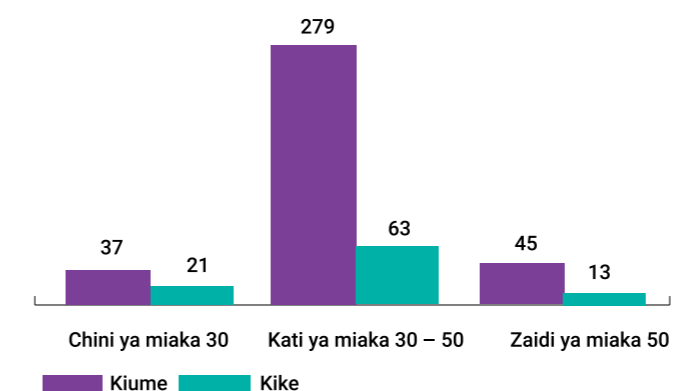
Zaidi ya hayo, TCC Plc inatoa mafao ya ziada kwa wafanyakazi wake, kama vile bima ya matibabu inayowahudumia wafanyakazi, ikiwa ni pamoja na wategemezi wasiozidi watano, hii inatolewa na Kampuni ya bima ya Strategies Insurance Tanzania. Aidha, kuna programu ya afya ya wafanyakazi ili kuongeza uelewa na kuelimisha wafanyakazi juu ya kujikinga na magonjwa kama vile kisukari, shinikizo la damu, uzito uliopitiliza, malaria, Saratani na VVU/UKIMWI na kusaidia wafanyakazi na huduma za ushauri. Kwa sasa huduma hii hutolewa na watoa huduma toka nje ya Kampuni na inatolewa na Aris Risk and Insurance Solution Limited.

Mwisho, Uongozi unawahimiza wafanyakazi kujiunga na Chama cha Akiba na Mikopo cha Mkombozi (SACCOS) ili kusaidia kuendeleza ustawi wa wafanyakazi wake. Kampuni pia inatoa ruzuku ya elimu kwa wafanyakazi wake wanaostahili. (GRI 2-19)

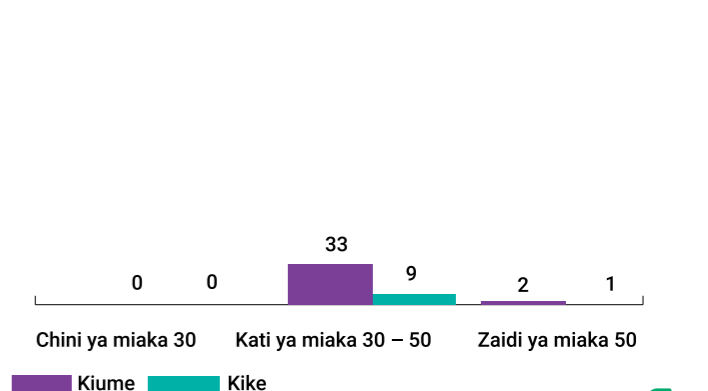
TCC Plc ni mwajiri anayetoa fursa sawa kwa wote. TCC Plc haina ubaguzi kutokana na jinsia au dini. Kufikia Desemba 31, 2023, Kampuni ilikuwa na wafanyakazi 448 pamoja na wanafunzi 11 (2022: wafanyakazi 438 wakiwemo wanafunzi).

Wafanyakazi wakike walichangia asilimia 21.2% (97) (2022: 19.6%-86) ya jumla ya nguvu kazi na kama inavyoonyeshwa kwenye chati hapo juu, asilimia 12.6% (58) ya jumla ya nguvu

Wafanyakazi kwa Jinsia na Umri



Uongozi kulingana na Jinsia na umri



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kazi walikuwa chini ya umri wa miaka 30. Miongoni mwa miili ya utawala wa taasisi, ushiriki wa wanawake ni kidogo juu ya mgawanyiko wa jinsia wa wafanyakazi kwa asilimia 22.2% (10); hata hivyo, hakuna mtu chini ya umri wa miaka 30 anayeketi katika miili yoyote ya utawala.

Katika kipindi cha uandaaji wa ripot hii, waajiriwa wapya 40 walijiriwa, ambapo 40% kati yao walikuwa wanawake, pia ni muhimu kutambua kuwa wastani wa umri wa waajiriwa wapya ulikuwa wa vijana wenye umri wa miaka 27. (GRI 405) Kampuni ilikuwa na Wafunzi 11, na wote walikuwa wakifanya kazi katika Ofisi Kuu ya Dar es Salaam. Mwenendo huu unaunga mkono mkazo wa Kampuni kuhusu Utofauti, Usawa, na Ujumuishaji (DE&I) ambao unajumuisha lengo la 2030 la kuwa na 30% ya nguvu kazi ya jinsia ke ambayo inafaa kwa siku zijazo. (GRI 401) Mwaka 2023 TCC Plc inaripoti waajiriwa 2 tu wenye Ulemavu (PWDs) (asilimia 0.4%) wakifanya kazi katika Kampuni, ikilinganishwa na 3 mwaka 2022.

Zaidi, TCC Plc inaazimia kuendeleza nafasi yake thabiti kama mwajiri anayetambulika kwa kuzingatia sera na uelewa wa watu na utamaduni wao (Rasilimali Watu), usimamizi wa vipaji, motisha, na uwezesaji. (JTI - Biashara ya Tumbaku ya JT Group Lengo 5) Mbali na mfumo wa utoaji motisha ulioelezewa hapo juu, TCC Plc ina mkakati madhubuti wa usimamizi wa vipaji na maendeleo binafsi ambao unalenga kutambua, kuvutia, kuendeleza, na kuhifadhi vipaji sahihi ambavyo vimeandaliwa vizuri kwa fursa za baadaye na kabambe ndani ya Kampuni. Mwaka 2023, Kampuni ilitumia TZS Milioni 500 (TZS 1.1 milioni kwa kila mfanyakazi) katika mafunzo ambayo yalilenga kuendeleza ujuzi, usimamizi

wa utendaji, maendeleo ya vipaji na ukuaji kazini, usimamizi wa mabadiliko pamoja na kuendeleza utamaduni imara wa kujifunza na ushirikishwaji. Aidha, wafanyakazi wote walifanyiwa uhakiki wa mara kwa mara wa utendaji wao na maendeleo yao ya kazi. (GRI 404)

Mikakati ilizyoainishwa hapo juu na juhudi za malipo ya haki ya TCC Plc yailiodhihirishwa na kiwango cha juu cha kuridhika cha wafanyakazi ambacho kilifikia 84% katika utafiti wa uridhikaji wa wafanyakazi kwa mwaka 2023 ambao ulionyesha kiwango cha ushiriki wa 99%. Mwisho, TCC Plc ilikuwa mshindi wa fahari wa tuzo ya Mwajiri Bora 2023, ambayo ni programu ya kimataifa ya uidhinishaji inayoweza mashirika kutathmini na kuboresha mazingira ya mahali pa kazi.

Ushiriki

TCC Plc imejikita kusimama kama mhamasishaji wa maswala yanayohusu afya ya akili, uelewa wa usalama wa mtandao na muwezesaji katika ufikiwaji wa maswala ya usawa kwa mwaka 2023, ikiendesha kampeni mbalimbali kupitia mitandao ya kijamii. Zaidi, TCC Plc kama moja ya kampuni kuu za utengenezaji nchini Tanzania, imechangia kwa kiasi kikubwa katika kujihusisha na umma kupitia nafasi yake ya kipekee katika Shirikisho la Viwanda Tanzania (CTI) na hivyo imeunga mkono mazungumzo kati ya sekta ya umma na binafsi kupata kanuni wezeshi, ukuaji wa kijamii wenye sawa pamoja na mazingira mazuri ya biashara. (JTI - Biashara ya Tumbaku ya JT Group Lengo 12, GRI 2-29)

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MAZINGIRA

Nishati na Uzalishaji wa Gesi ukaa

TCC Plc imechukua hatua za makusudi, kulingana na Malengo ya Biashara ya Tumbaku kutokuzalisha hewa ukaa (kuwa na usawa kati ya kuzalisha hewa ukaa na kunyonya hewa ukaa kutoka angahewa kupitia maeneo ya kuhifadhi kaboni) ifikapo mwaka wa 2030 na kutokuzalisha hewa ya kaboni (kaboni sifuri) katika mnyororo wa thamani ifikapo 2050. (JTI - Biashara ya Tumbaku ya JT Group Lengo 6)

Katika shughuli zake zote za mwaka 2022, TCC Plc ilikuwa inatumia nishati kiasi cha 11,383.65 MEJ/MMCig, mwaka 2023 matumizi ya nishati yalipunguzwa kwa mafanikio hadi kufikia 10,954.10 MEJ/MMCig.

TCC Plc katika mwaka 2023 ilirekodi jumla ya matumizi ya nishati kutoka vyanzo visivyo endelevu kufikia GJ 110,782 na takriban GJ 710 zilitokana na vyanzo endelevu.

TCC Plc inafuatilia matumizi yake ya nishati kupitia chombo cha kimataifa cha kuripoti (CR 360).

Kwa sasa, Kampuni inazingatia kupunguza uzalishaji wake wa hewa ukaa wa moja kwa moja na usio wa moja kwa moja (Maneo 1 & 2). Mwaka 2023, uzalishaji wa hewa ukaa kwa TCC Plc ulikuwa ni 0.561 tani kwa kila sigara milioni zilizozalishwa (TO/MMCig). (GRI 305)

Maji

Kama Lengo la Biashara ya Tumbaku, TCC Plc imepunguza matumizi ya maji kwa ufanisi katika shughuli zake (JTI - Biashara ya Tumbaku ya JT Group Lengo 7). TCC Plc inaendelea kupiga hatua katika kulifinikisha lengo hili kwa kupunguza matumizi ya maji kwa jumla ya 34% kwa mwaka 2023.

Jedwali lifuatalo ni maelezo ya uondoaji na utiririshaji wa maji wa mwaka 2023 (GRI 303):

Uondoaji

Kutoka vyanzo vya maji:

Maji ya chini ya ardhi: mita za ujazo 32420 (maji mengine)

Maji kutoka vyanzo vingine: mita za ujazo 7279.2 (Maji safi)

Utiririshaji

Mwaka 2022, Kampuni ilifanikiwa kutibu 37% ya maji taka, mwaka 2023 hii iliongezeka hadi 43%.

Maji hutibiwa kwenye eneo la kiwanda kufuatia viwango vya ndani na vya kimataifa kama sera ya IMS inavyoelekeza.

Maji yaliyotibiwa/safishwa hutumika kwa ajili ya bustani katika eneo la kiwanda.

Taka na Vifungashio vya Bidhaa

Kuzingatia Malengo ya JTI Biashara ya Tumbaku, TCC Plc, inafanya jitihada ya kupunguza taka. (JTI - Biashara ya Tumbaku ya JT Group Lengo 8) Mwaka 2023, TCC Plc ilizalisha takriban tani 242 za taka ambapo tani 171 (71%) zilirudishwa kwenye mzunguko, ambayo ni mabadiliko makubwa ikilinganishwa na mwaka 2015 ambapo tani 486.8 za taka zilizalishwa na tani 113.2 (23%) zilirudishwa kwenye mzunguko.

Kiwango hiki cha kuchakata taka kinaonyesha ongezeko thabiti kutoka 42% mwaka wa 2022. Hata shughuli za uwekezaji wa jamii za TCC zimepangwa kulingana na lengo hili kwa kugeuza tena mapipa 306 yaliyo tupu ya gundi kutoka kwenye mchakato wa uzalishaji kuwa mapipa ya taka kwa ajili ya kampeni za usafi katika Dar es Salaam na Zanzibar, ambayo inaongeza dhamira ya TCC kuelekea usimamizi bora wa taka.

Utupaji taka unashughulikiwa na taasisi za nje, ulihusisha tani 242 za taka mnamo 2023, kati ya hizo tani 70.8 zilitupwa kwenye dampo la taka. (GRI 306)

Kwa jumla, maswala yote ya manunuzi husimamiwa na makao makuu ya JTI, ambapo vifaa vingi vya uzalishaji vinadhibitiwa/visambazwa kimataifa jambo inalo punguza upatikanaji wa taarifa kuhusu vyanzo halisi vya vifaa katika ngazi ya ndani. Hata hivyo, kutoka ndani ya mzunguko wa

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uzalishaji, TCC PLC inaripoti kwamba vifaa vinavyoweza kutumika tena vilifikia tani 464, ambavyo vinachukuliwa kama vifaa visivyo taka. (JTI - Biashara ya Tumbaku ya JT Group Lengo 1, GRI 301)

Bionuai

Kiwanda kimeanzishwa katika eneo lililotengwa kwa ajili ya viwanda, kando ya Barabara ya Pugu - Dar es Salaam, eneo maarufu mjini. Hivyo, hakuna athari yoyote kwa bayoanuai ya msingi au kizuizi kwa chanzo cha maji kilichosababishwa na kiwanda. (GRI 304) Kuhusiana na upandaji tena wa miti katika jamii zetu, TCC Plc haishiriki moja kwa moja katika ununuzi wa majani ya tumbaku kutoka kwa wakulima nchini na hivyo haina uhusiano wa moja kwa moja na wakulima nchini; badala yake, JTI inanunua kutoka kwa makampuni mbalimbali ya ununuzi wa tumbaku wanawajibika kulingana na vigezo mbalimbali vya watoa huduma kwa Kampuni.

Upimajiwa Kimazingira kwa Watoa Huduma

Kwa ajili ya manunuzi ya ndani, watoa huduma kwa Kampuni wote muhimu huchunguzwa (JTI - Biashara ya Tumbaku ya JT Group Lengo 11), takriban 15%-20% ya jumla ya watoa huduma kwa Kampuni wapya wote huchunguzwa kwa kutumia vigezo vya mazingira (GRI 308). Ingawa sehemu muhimu ya vigezo vya kuchagua kupitia biashara endelevu, TCC Plc inaweza kutumia kiwango fulani kufanya uamuzi. Pale inapofaa zaidi TCC Plc inasisitiza vigezo vya mazingira (kwa mfano, bidhaa au huduma zenye athari dhahiri ya mazingira). Baada ya tathmini ya awali, hakuna ufuatiliaji zaidi unaofanyika, hata hivyo, mara kadhaa TCC Plc, kupitia ofisi yake ya manunuzi ya kimataifa, inatoa msukumo wa mabadiliko ya makusudi kama vile kuwataka watoa huduma za usafirishaji kuhamia kwenye matumizi maboksi ya usafirishaji yaliyotengenezwa kwa lengo la kuchakatwa upya na mtoa huduma wa usafiri wa wafanyakazi kuagizwa kuhama kutoka kwenye matumizi ya mafuta ya dizeli kwenda kwenye matumizi ya gesi asilia. (GRI 308)

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JAMII

Uwekezaji katika Jamii

TCC Plc ina Mpango Madhubuti katika Maeneo ya Kipaumbele ya Mkakati 2022-2024 kwa ajili ya uwekezaji wake katika jamii, ukihusisha maeneo manne muhimu, ambayo yameelezwa katika mchoro upande wa kushoto. Mwaka 2023, maeneo yote haya yaliguswa na aina mbalimbali za mipango; jumla ya matumizi ya uwekezaji katika Jamii ilikuwa TZS 410,500,000 na wafanyakaji wajitollea kiwango cha kiasi cha saa 360 za kufanya shughuli za kijamii bila malipo (JTI, Biashara ya Tumbaku ya JT Group 4).

Maeneo makuu ya Kimkakati 2022-2024

Uwezeshaji kiuchumi <i>Kusaidia watu wasiojiweza hasa wenye ulemavu, wazee, vijana na wanawake ili kuboresha maisha yao</i>	Watu wenye ulemavu <i>Utoaji vifaa vya usaidizi kwa wanaoishi na ulemavu ili kuongeza ufikiaji wao wa fursa (kijamii na kiuchumi)</i>
Ufadhili wa masomo <i>Ufadhili wa masomo kwa vijana au wasio na upendeleo kwenye sanaa na utamaduni wa maonesho</i>	Mazingira ya asili <i>Kukuza uhifadhi wa msingi wa maliasili (maji, udongo, miti na bionuwai) na mipango ya usafi</i>

Shughuli husika zinahusisha (GRI 413):

Watu wenye Ulemavu

Mwaka wa 2023, TCC Plc iliunga mkono jamii za Watu Wenye Ulemavu (PWD) kwa kutoa vifaa vya msaada 630 ikiwa ni pamoja na baiskeli zenye magurudumu matatu 30, fimbo nyeupe 200 kwa ajili ya watu wenye changamoto ya kuona, mikongojo 400, pamoja na miguu ya bandia n.k. Kampuni pia iliunga mkono vyuo vikuu kwa kutoa vifaa vya kujifunzia kwa wanafunzi wenye ulemavu (vipokea sauti vinavyoziua kelele 100, kompyuta mpakato maalum 10, vinasaa sauti 100, mashine 10 za kusomea na kuandikwa zinazotumiwa na watu wenye changamoto ya kuona.

Uwezeshaji Kiuchumi

Mwaka 2023, vikundi vya vijana na wanawake vilisaidiwa kwa mashine 140 za ushonaji nguo na mashine 2 za usagaji mawe zinazotumia umeme ili kukuza shughuli zao za kujiingiza kipato, katika miji ya Dar Es salaam, Tanga, Mwanza, Mtwara na Kigoma.

Mwaka 2023, vikundi 15 kutoka Tanga vilisaidiwa kupitia kampeni ya TCC Fanikisha Biashara. Kampeni ya TCC Fanikisha Biashara ni programu shirikishi kati ya TCC Plc, Kituo cha Ujasiriamali na Ushindani Tanzania (TECC), na serikali. Kamapeni hii inalenga kuviwezesha kiuchumi vikundi vya vijana wa kiume na wa kike vilivyoko vijijini nchini Tanzania. Mradi huu unatekelezwa katika muundo wa ushindani ambapo vikundi cha vijana na wanawake ambao tayari wana biashara hujiandikisha kushiriki katika mashindano. Vikundi hivi huchaguliwa kwa ushirikiano na ofisi ya Mkurugenzi Mtendaji wa Wilaya (DED) ambayo ndiyo mlezi wa vikundi vyote vilivyosajiliwa.

Zaidi ya hayo, TCC Plc ilisambaza mizinga ya kisasa 150 ya nyuki kwa vikundi 10 vya wafugaji nyuki wanawake na vijana jijini Tanga.

Kampuni pia iliunga mkono uanzishwaji wa kituo cha ufumaji huko Mbeya ili kutoa ajira binafsi kwa vijana na wanawake.

Programu za Masomo

TCC Plc inasaidia kukuza vipaji vya vijana kwa kutoa ufadhili wa masomo ya sanaa na maonyesho, kwa kushirikiana na Chuo cha Sanaa Bagamoyo (TaSUBa). Mwaka 2023, wanafunzi 25 walitunukiwa udhamini huo kwa kupewa ufadhili wa masomo.

Zaidi ya hayo, kwa kushirikiana na Ubalozzi wa Japani, TCC Plc ina programu ya kimataifa ya ufadhili wa masomo kusaidia Watanzania kusomea shahada ya uzamili katika vyuo vikuu vya Japani. TCC Plc ina mwanafunzi mmoja ambaye

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amepewa ufadhili wa masomo anayendelea na masomo ya uzamili katika Chuo Kikuu cha Akida nchini Japani.

Mazingira asili

TCC Plc huandaa hafla ya kila mwaka ya kusafisha maeneo mbalimbali. Mwaka 2023, TCC Plc iliandaa hafla iliyokwendwakwa jina Safisha, Hifadhi Bahari” katika ufukwe wa Pweza, Kigamboni.

Kampuni iliboresha mapipa 306 ya gundi matupu kutoka katika mchakato wa uzalishaji na kuwa mapipa ya takataka kwa ajili ya kampeni za usafi Dar es Salaam na Zanzibar. TCC Plc ilisambaza miche 3,000 ya miparachichi kwa vikundi vya vijana wa jijini Mbeya.

Kutokomeza Matukio ya Majeraha/kuumia Mahali pa Kazi

TCC Plc imejielekeza kudumisha utamaduni thabiti wa afya na usalama katika maeneo yake ya shughuli za kila siku (opresheni) na kwenye mnyororo wake wa thamani. Kulingana na Sera ya IMS iliyoidhinishwa kikamilifu na kutekelezwa, dhamira ya wazi ya usimamizi katika kufikia utii wote wa mfumo wa usimamizi wa EHS inaweza kuonekana. TCC Plc ilidhihirisha uthabiti wa mifumo yake ya kisasa kupitia tathmini za hatari zinatambua hatari zozote (HSF-02). Utekelezaji kamili wa tathmini za hatari na hatua za kuzuia zilizofuata zilionesha kiwango cha juu cha ufanisi, huku tukio moja tu la ajali likiripotiwa mwaka 2023.

Kupitia timu maalum ya EHS (Mazingira, Afya, na Usalama) iliyopo eneo la kazi, viwango vyote inachunguzwa na ku-

hakikisha kuwa Viwango vya TCC Plc vinawagusa wafanyakazi wote na wakandarasi. TCC Plc ina kamati zenye nguvu za OHS (Usalama na Afya Kazini) katika kila eneo la kazi na taratibu zinazoongoza timu hiyo pamoja na majukumu yao ya kazi. Kupitia timu hizi na kamati zinazohusiana na usalama, mafunzo yamefanyika kulingana na hatari maalum za maeneo husika.

Kliniki imeanzishwa katika eneo la kazi inayohudumia wafanyakazi wote na wakandarasi katika matukuio ya dharura. Zaidi ya hayo, programu za afya zinazolenga kutoa elimu ya afya kwa wafanyakazi. Kupitia uhamasishaji, kampeni na mafunzo, Kampuni inashughulikia shughuli zote zenye hatari kubwa na kuboresha utamaduni wa usalama.

Kwa ujumla TCC Plc inasimamiwa na viwango vya kimataifa vya ukamilifu wa viwango yaani ISO 45001:2018. (GRI 403, JTI - Biashara ya Tumbaku ya JT Group Lengo 3)

Upimaji wa Watoa Huduma (Kijamii)

Kwa ajili ya manunuzi ya ndani, watoa huduma wote muhimu hupimwa (JTI - Biashara ya Tumbaku ya JT Group Lengo 11), hata hivyo, takriban 25%-30% ya wasambazaji wapya wote hupimwa kwa kutumia vigezo vya kijamii (GRI 414). TCC Plc ina kiwango fulani cha uamuzi jinsi hili linavyotekelezwa (kwa mfano, kiuchumi, kijamii, mazingira), ingawa “uendelevu” wa muda mrefu ni kigezo muhimu cha uteuzi. Kwa sababu hiyo, Kampuni inatumia vigezo vya kijamii wakati inapoonekana vinafaa. Ni muhimu kufahamu kwamba TCC Plc. (GRI 414)



Corporate Information



05

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

Directors and advisers:
Directors
Mr. Paul Makanza (Chairman)*
Mr. Onesmo Makombe*
Mr. Bertrand Tamisier*
Mr. Johnny Ng*
Mr. Bakari Mbaruku Makulo*
Mr. Takashi Araki
*Non-executive Directors
Principal bankers
Standard Chartered Bank Tanzania Limited
CRDB Bank PLC
National Microfinance Bank PLC
Citibank Bank Tanzania Limited
ABSA Bank Tanzania Limited
National Bank of Commerce Limited
Secretary, Registered Office, and Principal place of business
Mr. Godson Killiza
20 Nyerere Road
P.O. Box 40114
Dar es Salaam
Tanzania
Tel: +255 22 216 6000/1
Auditors
Deloitte & Touché
Certified Public Accountants (Tanzania)
3rd Floor, ARIS House, Plot 152
Haile Selassie Road, Oysterbay
P.O. Box 1559
Dar es Salaam
Tanzania

Shareholding structure:	
Shareholders	Shareholding
JT International Holding B.V.	75.0%
Kingsway Fund	8.3%
General Public	6.3%
Public Service Social Security Fund	4.7%
The United Republic of Tanzania	2.2%
Umoja Unit Trust Scheme	2.2%
TCCIA investment Company Limited	0.3%
Allan Gray Africa EX-SA Equity Fund Limited	0.3%
African Lions Fund Limited	0.2%
Sayed H. Kadri &/or Basharat Kadri &/or Mehboob &/or Khalid &/or Muzammil Kadri	0.2%
Judith Munne Kessi	0.2%
Mohamed Gulam Dewji	0.2%
Total	100%
Shareholding classification by location	
Local	16.3%
Foreign	83.7%
Total	100.00%
Holding and ultimate holding companies	
Japan Tobacco Inc (JT)	Ultimate holding
JT International Holding B.V.	Holding

Report by Those Charged with Governance

FOR THE YEAR ENDED DECEMBER 31, 2023

The Directors present their annual report and the audited financial statements of Tanzania Cigarette Public Limited Company (the “Company” or “TCC Plc”) for the year ended December 31, 2023, which disclose the Company’s state of affairs.

1. Incorporation

The Company was incorporated under the Companies Ordinance, Cap 212 which was repealed by the Companies Act, 2002 with registration number 3542 and is listed on the Dar es Salaam Stock Exchange (DSE). The registered office and principal place of business are disclosed on page 57.

2. Purpose, Vision and Management Principles

The Company’s vision is to maintain the number one position in Tanzania. Its mission is to grow profit while defending market share by delivering quality brands and maximizing consumer and customer satisfaction through innovation, employees’ engagement, integrity and excellence in execution. Our principles are openness about the risks of smoking, transparency about our products, youth access prevention, accommodating smokers and non-smokers and respect for local norms and cultures.

3. Company Operations

Principal activities

The Company’s principal activities include manufacturing, distribution, marketing and sale of cigarettes inside and outside Tanzania. Domestic brands include Embassy, Portsman, Sweet Menthol and Crescent & Star. The Company also manufactures, distributes, markets and sells in domestic market the international brands which includes Camel and Winston. Pictures of the brand portfolio can be seen on page 14 of this report.

Size of the manufacturing plant

The company has six making and packing lines with installed annual capacity of 12 billion sticks, producing 51 different stock keeping units (SKUs) for four different markets.

Employees

TCC Plc being an equal opportunity employer, the Company does not discriminate based on gender, religion or disability. All current and potential employees are entitled to equal opportunity and treatment in terms of recruitment, compensation and benefit, succession planning, performance appraisal and reward, and disciplinary process. The Company has various initiatives to improve employees’ performance and productivity through continuous professional development as outlined in the Environmental, Social and Governance (ESG) materiality report above page 39-41. The safety of employees, their families and business continuity continued to be key priorities for the Company in 2023.

Social and community issues

Having invested TZS 411 million (2022: TZS 351 million) through its various community investment programs TCC Plc effectively supports sustainable transformation of livelihoods. The Company supports communities directly and indirectly through partnerships with social and cultural partners by supporting programs. Details on social responsibility are described on page 44 of the ESG section of this report.

Report by Those Charged with Governance
for the year ended December 31, 2023 (continued)

3 Company Operations (continued)

Gender parity/ diversity

As outlined on page 39-41 in the ESG section of this report TCC has shown increased efforts to hire more women and effectively ensure female participation in organizational governance bodies considering both the rising number of female workforces share as well as new hires. In addition, a cross-functional Diversity, Equity & Inclusion Committee supporting the Company-wide initiatives of an inclusive, multi-cultural, and ideal workplace. There is full adherence to the Human Rights guidelines, and discrimination practices of any sort are strictly intolerable. The Diversity, Equity & Inclusion committee helps the Company focus on providing equal access and opportunities by embracing all employees irrespective of race, religion, gender, nationality, and other action plans. More details on social responsibility are described on item 5 of this Report by Those Charged with Governance.

Contractual arrangements

The Company has various contractual arrangements which are mainly categorized as follows:

- I. Employment contracts with employees
- II. Contracts with suppliers of goods and services to the Company.
- III. Contracts with customers.

Further, the Company has an overdraft facility with local banks for financing its working capital requirements as detailed in note 31 of the financial statements.

4. Competitive Landscape and Market Forces

Competitive position

Tanzania provides an open and competitive market environment for TCC Plc operations with competitors including domestic producers and international tobacco companies (import through distributors). All players in the industry sell Ready-Made Cigarettes (RMC) with main focus on Full Flavor, Lights, Menthol and Flavor on demand products. In recent years, competitors have introduced flavored cigarettes featuring Chocolate and Vanilla Flavors. While Ready-Made Cigarettes (RMC) have dominated the market, there is an indication of opportunity for growth of other categories such as RRP (Reduced Risk Products), RYO (Roll your own), MYO (Make your own) and Shisha.

Hence, TCC Plc constantly monitors its market performance on key brand health indicators such as product quality, brand awareness, brand loyalty, research & development, innovation, packaging, customer service, marketing, distribution pricing, and exploratory studies to secure its market leadership position. Periodical trade surveys conducted by TCC Plc indicate, even in 2023, that the TCC Plc brands have retained a strong leadership position across all brand value indicators compared to competitors and across all consumer segments.

Lastly, as a local producer TCC Plc can successfully leverage on the inclusion rule, put in place by the Government of Tanzania. This inclusion rule is designed to support farmers and local value addition and benefits local manufacturers, like TCC Plc, that use 75% of Tanzanian tobacco.

Market forces

While consumer brand preferences are influenced by disposable income, which dictates the choice of tobacco products, the industry faces challenges from the growing illicit trade and the widespread use of traditional alternatives. The impact of rising inflation also exerts pressure on demand.

To engage and captivate consumers, the industry places significant emphasis on introducing new brand variants, innovative package designs, and enticing flavors through continuous product development initiatives.

Report by Those Charged with Governance for the year ended December 31, 2023 (continued)

4 Competitive Landscape and Market forces (continued)

Adapting to demographic shifts and evolving customer tastes, innovation remains targeted at low, mid, and upper-class adult smokers, who exhibit a greater openness to novel offerings. Despite this focus on innovation, affordability remains a critical factor influencing brand affinity in a market where substantial competition persists.

Constant innovation and a robust nationwide supply network ensures a consistent availability of TCC Plc's products throughout the country. The Company continued to command an impressive +90% market share in Tanzania, boasting a network of approximately 16 branches strategically positioned across the country. TCC Plc's primary distribution channel involves collaboration with wholesalers, who in turn serve the retail sector directly or through motorcycle salesmen.

Furthermore, the Company reach extends beyond borders, with successful cigarette export operations to Mozambique, Democratic Republic of the Congo and Namibia in financial year 2023.

5. Operating Environment

The Government of Tanzania is making efforts to establish a conducive investment climate within the country. The ongoing Regulatory Reforms Blueprint is among key steps that the Government has taken to support improvement of overall investment landscape. The prevailing peace and stability further provide investors with confidence in a sustainable operational environment.

Of particular benefit to local cigarette manufacturers is the 75% Domestic Tobacco Content (DTC) incentive. This incentive rewards manufacturers utilizing a minimum of 75% locally sourced tobacco, playing a pivotal role in sustaining the whole tobacco supply chain.

Macro and micro economic overview

Tanzania has endured relatively high growth in its economy this year. The Gross Domestic Product (GDP) growth by an average of 5.3% (as per National Bureau of Statistics (NBS) quarter three report) is driven by rising private consumption growth and investment spending on infrastructure, including mega-projects such as the East African Crude Oil Pipeline Project (EACOP), phased development of cross-border railways with Rwanda, power projects and road network expansion.

Reports from the Ministry of Agriculture indicate that the tobacco sector has seen significant growth in Tanzania with tobacco production increasing from 50,000 metric tonnes to 122,858 metric tonnes in 2023/24. Further, as of December 2023, the Minister for Agriculture mentioned Tanzania as the second largest tobacco grower in Africa.

Whilst increase in GDP was pleasing, the primary drivers for business performance were strong sales performance for both domestic and export markets. Further, a relatively stable consumer price inflation (below 5%) also positively impacted on affordability. However, the 2023/24 Finance Act came with a 20% increment of excise duty on tobacco products, effective 1st July 2023, which had a huge impact on the Company's costs.

Regulatory Environment

The tobacco sector, given its sensitivity, potential, and significant value chain contribution, operates within a highly regulated framework. As a responsible corporate entity within this industry, TCC Plc is committed to actively participating in shaping national-level policies, fostering a fair and balanced regulatory environment for tobacco.

Report by Those Charged with Governance for the year ended December 31, 2023 (continued)

5 Operating Environment (continued)

The Company's dedication to contributing on these matters is rooted in a genuine, fair, and honest approach. This approach not only enhances but also strengthens our collaboration with the Government, public sector, and relevant stakeholders. The Company firmly believe that engaging in open dialogue and sharing expertise in regulatory discussions is pivotal for the prosperity of both businesses and communities.

TCC Plc's key sustainability objectives is to safeguard our involvement in public policy debates. By doing so, the Company aspires to influence regulations that strike a balance between addressing societal concerns and supporting the sustainable growth of our business.

Political Environment

The stable political environment fostered by the existing peace has enabled the Government to focus on development agenda. This further underpins a robust growth outlook for the private sector and an accelerated economic growth which is driven by trade and service sector, mining sector and public infrastructure and mega-projects including Julius Nyerere Hydropower Project, Standard Gauge Railway and a crude oil pipeline between Uganda and Tanzania.

Needs and interests of key stakeholders

The Company places stakeholders' interests at the core of its operations. This commitment is demonstrated through the provision of a safe and healthy working environment, coupled with offering attractive and equitable remuneration for its employees. Additionally, the Company employs a consumer-centric approach to produce high-quality products that deliver an exceptional consumer experience.

Adherence to all legal and regulatory requirements is a priority, ensuring long-term business growth. The Company aims to create value through share price appreciation and regular dividend payments to its investors. This comprehensive strategy reflects the Company's dedication to balancing the needs and expectations of its various stakeholders.

Societal matters

(i) Human rights

The Company's commitment towards human rights is enforced at the Board level through our 4S Management Model (which is further detailed on page 8 of this report) and is managed at departmental levels. The concept of human rights is integrated into the Company's culture and allows a fair and accessible mechanism encouraging employees and suppliers to speak up for human rights without any fear of retribution.

The Company addresses human rights issues through tailor-made corrective measures implemented via the human rights action plans which are incorporated in TCC Plc's code of conduct and community investment policy.

(ii) Health and Safety (EHS)

The Company actively oversees its environmental impact and fosters ongoing improvements through its Environment, Health, and Safety (EHS) policy, standards, procedures, guidance, training, and management tools. All employees are mandated to adhere to the Company's health and safety standards, participate in relevant health and safety training, follow the Company's procedures and safe working practices, and promptly report any unsafe conditions, accidents, near accidents, or unsafe behavior.

Report by Those Charged with Governance
for the year ended December 31, 2023 (continued)
5 Operating Environment (continued)

(iii) Environmental challenges

The Company recognizes the ongoing environmental and societal concerns prevalent in the current era. Over the past decade, a surge in adverse climate change impacts, including the melting of ice caps, rising sea levels, and an escalation in the frequency of extreme weather conditions have been witnessed.

In response to these challenges, the Company has adopted sustainable business practices aimed at conserving resources, minimizing waste (while maximizing industrial symbiosis), effectively managing both financial and non-financial costs for reinvestment, and actively reducing our greenhouse gas (GHG) emissions. Details on the same can be found in the ESG report section on page 42.

(iv) Corporate Social Responsibility

The Company, through its purpose “Creating Fulfilling Moments. Creating A Better Future” has embraced corporate social responsibility from an all-round environmental, social and governance perspective and has in the spirit of SDG 17, of partnership, provided a variety of volunteer opportunities to its employees, who volunteered 360 hours in 2023. Details on social responsibility are described on page 44 of the ESG segment of this report.

6. Principal Risks and Uncertainties

The Company considers risk management an essential component of its business operations. Risk assessment is integrated into both strategic and operational decision-making processes. The primary risks that could significantly impact the Company’s strategies and development include fraud, operational, and financial risks. TCC Plc further considers climate change related risks which are considered in the Enterprise Risk Management Process. The following outlines the description of these risks:

Fraud risk

The Company could incur losses resulting from fraudulent transactions, but it has formalized Preventing Financial Crime (PFC), Know Your Customer (KYC) and Know Your Supplier (KYS) policies that are designed, implemented and strictly followed and controlled by the Chief Compliance Officer to mitigate these risk areas.

Operational risk

This is a risk resulting from the Company’s activities not being conducted in accordance with formally recognized procedures including non-compliance with KYC, KYS and PFC procedures. Management ensures that the Company complies with all internal procedures.

Financial risk

The Company’s activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. More details of the financial risks facing the Company are provided in Note 32 to the financial statements.

7. Stakeholder Engagement and Management

Effective communication is a vital element of our business operations. TCC Plc recognizes that the success and sustainability of our business hinge on the input and involvement of our stakeholders in various aspects. Being a public limited company, TCC Plc is dedicated to making concerted efforts to engage with its stakeholders. This commitment is guided by its business integrity principles and the 4S Model. The business integrity principles offer guidance on how the Company interact and manage relationships with government

Report by Those Charged with Governance
for the year ended December 31, 2023 (continued)
7 Stakeholder Engagement and Management (continued)

and regulatory bodies. Meanwhile, the 4S Model is designed to address the interests of TCC Plc’s consumers, employees, the broader society, and shareholders. The model is presented in on page 8.

A table below demonstrates how the Company engages various stakeholders and how to create value and allow a mutually beneficial relationship:

Stakeholder Group	How TCC Plc Engages	Key Focus Areas
Employees	• Routine safety meetings	Safety standards and employment opportunities
	• Professional development	
	• Internal communications programs	
	• One-on-one meetings	
Consumers	• Social Media	Improve consumer satisfaction and reduce health effects
	• Surveys via 1-2-1 activation and events	
	• Consumer studies	
Customers	• Customer Satisfaction Surveys	Improve Customer satisfaction
Government & Regulators	• Regular site visits and inspections	Compliance and delivering value to all stakeholders
	• One-to-one engagement with various Government stakeholders formally and informally	
Society	• Forums and workshops	Providing access to long-term sustainable community development
	• Community development and investment opportunities	
Shareholders	• Site tours for monitoring of programs	Providing long-term business growth and return on investment
	• Annual General Meetings	

8. Capital Structure and Shareholders

The Company’s capital structure is as follows:

TZS MMM		2023	2022
Authorized	125,000,000 ordinary shares of TZS 20 each	2,500	2,500
Issued and fully paid up	100,000,000 ordinary shares of TZS 20 each	2,000	2,000

“The Company’s shareholding structure as at December 31, 2023 is shown on page 57.

JT International Holding B.V. is the majority shareholder in the Company, owning 75% of the issued and paid-up ordinary shares (75 million shares). Local institutions, the general public and other foreign investors own the remaining 25% (25 million shares).”

9. Directors’ Interest in the Issued Capital

The Directors of the Company do not hold any material interest in the issued share capital of the Company.

Report by Those Charged with Governance
for the year ended December 31, 2023 (continued)

10. Cash Flows

The Company's major source of cash flows was from operating activities, in which during 2023 the cash conversion ratio was 1.09 representing a 20% improvement in cash conversion (2022: 0.89) impacted by no payments made to certain group companies due to FX situation.

11. Corporate Governance

Board of Directors

The Company is governed by a diverse Board of Directors, consisting of members with varied international and local industry experience, as well as professional expertise. The Board is composed of one Executive Director and five Non-Executive Directors, with two Non-Executive Directors representing minority shareholders. The Board receives support from a Company Secretary.

Meetings of the Board are held at least twice a year to address various matters. Supporting the Board are the Nomination and Audit Committees, both convening at least twice annually.

Key responsibilities of the Board include identifying and mitigating risks, ensuring the implementation of effective policies, procedures, and internal controls, maintaining compliance with sound corporate governance principles, approving, and overseeing investments and other significant business decisions, and reviewing the performance of management's business plans and budgets.

The Directors of the Company at the date of this report and who served since January 1, 2023, except where otherwise stated, are:

Name	Position	Qualification	Nationality	Age	Appointed	Date Appointed
Paul Makanza	Chairman (Non-executive)	B.Com, MBA	Tanzanian	56	Re-appointed	August 11, 2020
Onesmo Makombe	Director (Non-executive)	MBA, Certified Public Accountant	Tanzanian	53	Appointed	April 23, 2021
Bertrand Tamisier	Director (Non-executive)	Masters of Science in Business Administration, Certified Public Accountant	Swiss	57	Re-appointed	January 1, 2021
Johnny Ng	Director (Non-executive)	MBA	Chinese	49	Appointed	January 1, 2021
Mr. Bakari Mbaruku Makulo	Director (Non-executive)	Advance Diploma in Management Studies	Tanzanian	67	Appointed	January 1, 2023
Takashi Araki	Director (CEO & executive)	BA Psychology	Japanese	51	Appointed	August 28, 2022

Report by Those Charged with Governance
for the year ended December 31, 2023 (continued)
11 Corporate Governance (continued)

Audit Committee

The Audit Committee addresses all key accounting, internal controls, and financial reporting matters in close collaboration with internal and external auditors. Further, the committee reviews the effectiveness of the company's internal controls and risk management processes.

The Audit Committee constitutes three non-Executive members as indicated below:

Name	Position
Johnny Ng	Committee Chairman
Onesmo Makombe	Member
Bertrand Tamisier	Member

The committee held its two scheduled meetings as per plan on March 24, 2023, and August 17, 2023. All permanent committee members were in attendance as well as the following invitees:

- Mr. Thomas Hadorn - Finance Director
- Mr. Godson Killiza - Company Secretary
- Mr. Goodluck Kazaura - Minutes recorder
- Mr. Jacob Luoga - Minutes recorder
- Mr. Benjamin Mkwizu - PricewaterhouseCoopers (PwC)
- Dr. Neema Kiure - Ernst & Young (E&Y)
- Bahati Sumai - E&Y

Among other pertinent audit and risk management responsibilities carried out by the committee this year the committee recommended for approval and adoption of the financial statements as well as respective press releases and for the approval and adoption of dividends.

Nomination Committee

The Nomination Committee identifies individuals qualified to become members of Tanzania Cigarette Public Limited Company's Board of Directors and its committees, recommends to the Board candidates for the Board and its committees, identifies individuals qualified to become senior executives of the Company, develops and recommends to the Board a set of corporate governance principles, performs a leadership role in shaping the Company's corporate governance policies.

The Committee constituted four non-Executive members as provided below. In 2023 the newly appointed board member Mr. Bakari Makulo joined this committee.

Name	Position
Bertrand Tamisier	Committee Chairman
Paul Makanza	Member
Johnny Ng	Member
Bakari Makulo	Member

Report by Those Charged with Governance for the year ended December 31, 2023 (continued)

11 Corporate Governance (continued)

The committee held its two scheduled meetings as per plan on March 24, 2023 and August 17, 2023. All permanent committee members were in attendance as well as the following invitees:

- Mr. Godson Killiza- Company Secretary
- Mr. Goodluck Kazaura - Minutes recorder
- Mr. Jacob Luoga- Minutes recorder
- Ms. Angela Mangecha- Director of People and Culture

During this year’s committee meetings, the nomination committee discussed and resolved on pertinent issues such as the confirmation of independence of non-executive directors, succession planning and talent management as well as the board evaluation.

Management team

Management is entrusted with overseeing day-to-day operations, operating under the guidance of the Chief Executive Officer (CEO). The CEO, in turn, is assisted by a skilled and seasoned Executive Management team comprising seven (7) Heads of Functions.

The Heads of functions report directly to the CEO, except for the Manufacturing Operations Lead, who reports to the Regional Manufacturing Operations Vice President-MENEAT & ASIA, and the Director of Legal Affairs, who reports to the Vice President and Associate General Counsel Regions, Legal MENEAT.

Below are details of the Management team.

Function	Head of function	Qualification	Nationality
General Manager's Office	Takashi Araki	BA Psychology	Japanese
Manufacturing	Samwel Mandara	Bachelor of Engineering	Tanzanian
Finance and IT	Thomas Hadorn	Master of Business Administration	Swiss
People and Culture	Angela Mangecha	BA (Human Resources)	Tanzanian
Legal	Godson Killiza	LLB	Tanzanian
Sales	Lucas, Mwamanenge	Master of Business Administration	Tanzanian
Corporate Affairs	Patricia Mhondo	Master of Business Administration	Tanzanian
Marketing	Yassin Hussein	Master of Marketing	Tanzanian

Performance evaluation and reward

The Company utilizes the findings from market surveys to align salaries/fees and benefits with current market trends, taking into account the value of each employee’s contributions and performance within the Company. Details of remuneration of the Directors and key management personnel are disclosed in Note 28 to the financial statements.

Key policies and procedures

The Company has established a comprehensive framework for ethical conduct and operational guidance, consisting of the JTI Code of Conduct (CoC), Operating Guidelines (OGL), and various policies and procedures. All employees are obligated to adhere to these core policy guidelines, and any non-compliance is considered a serious breach that may lead to disciplinary measures, including termination of employment.



Report by Those Charged with Governance for the year ended December 31, 2023 (continued)

11 Corporate Governance (continued)

The JTI Code of Conduct outlines the expected ethical business conduct and behaviors for all employees during business operations. Additionally, employees have the avenue to report concerns about suspected violations of the code of conduct either through their supervisors or anonymously via the YOUR VOICE platform.

The Company’s Operating Guidelines, known as JTI Operating Guidelines (JTI OGL), play a crucial role in the internal control structure and corporate governance framework. These guidelines reflect the delegation of decision-making authority from the parent Company, JTI, to the Company, along with the necessary approvals required for various business decisions. 2023 data has been disclosed in the ESG section of this report on page 39.

Key policies and procedures found in the JTI CoC and JTI OGL include:

Know Your Supplier (KYS): Suppliers are selected objectively and impartially, based on various criteria that include integrity, quality, performance, commercial terms, and commitment to safety and environmental protection. All key suppliers are formally certified to ensure they meet the Company’s Supplier Standards.

Product quality: Only products that meet the Company’s stringent quality standards reach the Company’s customers. The Company manufactures products with stringent specifications using consistently high-quality supplies of tobacco and non-tobacco material from certified suppliers. Quality is assured throughout all stages of sourcing, manufacturing, storage, distribution and customer service, in full compliance with regulatory and legal requirements.

Know Your Customer (KYC): The Company rigorously analyses all its customers periodically, to ensure it does business with legitimate and law-abiding customers only.

Responsible marketing: The Company is dedicated to responsible product marketing, ensuring adherence to all national laws and regulations. It upholds the Global Marketing Principles governing its product marketing practices. In case of any conflict between the Global Marketing Principles and local laws with more restrictive provisions, the Company applies the stricter standard. Emphasizing a commitment to health, the Company firmly believes that minors should not smoke or have access to tobacco products. Additionally, the Company advocates for informing adult smokers about the health risks associated with smoking before they decide to smoke. Images of product packaging providing evidence of responsible marketing are shown on page 39 of the report.

Anti-corruption: The Company does not tolerate any form of bribery or corruption. Business partners are expected to comply fully with the Company’s position on anti-corruption as a condition for doing business. The Company prohibits the provision of money, gifts, entertainment or anything of value to any Government or public official for the purpose of obtaining a business advantage. The Company does not permit facilitation payments or fees requested by Government officials to facilitate the performance of routine Government actions.

12. Risk Management and Internal Controls

Non-compliance with the JTI Code of Conduct, Operating Guidelines, or Policies and Procedures poses significant risks, including fraud, operational issues, and financial consequences that could harm the business and its reputation. To mitigate these risks, the following measures are in place:



Report by Those Charged with Governance
for the year ended December 31, 2023 (continued)
12 Risk Management and Internal Controls (continued)

Enforcement of Codes and Guidelines: The Chief Compliance Officer, who also serves as the Head of Legal Affairs, oversees the strict implementation of the JTI Code of Conduct, Operating Guidelines, and Policies and Procedures. This enforcement is carried out with the assistance of respective Functional Heads. All employees are mandated to sign a declaration confirming their understanding and commitment to abide by the Code of Conduct.

Internal Audit: The Company has outsourced its internal audit services to an independent internal auditor. The internal auditor is responsible for planning and executing a risk-based internal audit plan. Reporting to the Chairman of the Audit Committee, the independent internal auditor's charter, annual audit plan, and findings are subject to approval of the committee. The Audit Committee monitors audit execution, evaluates findings and recommendations, and ensures the implementation of recommendations by Management.

Management Oversight: Management is tasked with developing, managing, and enhancing internal financial and operational control systems. Although no internal control system can guarantee absolute assurance against misstatements or losses, the Company's systems are designed to provide the Board with reasonable assurance of their effectiveness.

Board Responsibility: The ultimate responsibility for risk management and ensuring the presence of appropriate and effective internal control systems lies with the Board. This comprehensive approach ensures a robust framework for compliance and risk mitigation throughout the organization. The Board, through its audit committee, assessed the internal control systems throughout the financial year ended December 31, 2023 and is of the opinion that they met accepted criteria.

13. Employee Welfare

The Company retains development oriented and sustainable employee relations as an equal opportunity employer who strives to continuously level the workforce gender gap and raise female participation in core governance bodies and providing fair pay and allowances i.e. transport, per diem, meals and children education. Details on up-to-date employment figures are displayed in the ESG section on Page 39-41.

Talent Management, Learning and Development

TCC Plc's core strategic objectives in Talent Management revolve around identifying, attracting, developing, and retaining individuals with the right skills, poised to tackle future challenges and embrace exciting opportunities within the organization. The Company's method for Talent Management (TM) is meticulously organized, providing employees with an optimal platform to nurture their careers and make meaningful contributions to the Company.

Following the global movement of embracing remote work, as a result of the Covid-19 pandemic, TCC's 2023 focus was to further expand various hybrid workplace arrangements to increase performance and foster a work-life balance. Further, details on learning and development priorities are outlined in the ESG section on Page 39-41.

Report by Those Charged with Governance
for the year ended December 31, 2023 (continued)
13 Employee Welfare (continued)

Medical assistance

The Company extends a comprehensive medical insurance scheme to its staff members, encompassing a maximum of five dependents, with coverage facilitated by Strategies Insurance Tanzania. Additionally, there is an employee wellness program aimed at fostering awareness and educating employees on preventive measures for common ailments such as diabetes, hypertension, obesity, malaria, cancer, and HIV/AIDS. Presently, this service is outsourced and administered by Aris Risk and Insurance Solution Limited.

Financial assistance to staff

Management encourages staff to join Mkombozi Savings and Credit Co-operative Society (SACCOS) to assist in promoting the welfare of its employees. The Company also provides education allowance for its eligible employees.

Compensation and benefits

The remuneration process is under the Global Rewards department in JTI HQ who are responsible to provide the overall guideline and reward/remuneration structure, however the local markets (i.e. TCC) are responsible in ensuring the remunerations are in line with governing laws, business environment, Company affordability, labor market (competitiveness) etc. Details on the reward and remuneration structure can be found in the ESG section of the report on page 39-41; which show alignment with the companies 2030 vision performance remains key as the Company strives for a fit for the future workforce.

Diversity, Equity and Inclusion

The Company has established a partnership with Comprehensive Community Based Rehabilitation Tanzania (CCBRT) Hospital, which is a locally registered non-governmental organization (NGO) providing specialized healthcare services operating in Dar es Salaam and Moshi, Tanzania. The partnership is focusing on various initiatives to address Diversity, Equity and Inclusion (DE&I) matters. Notable initiatives include fostering a culture of readiness for TCC Plc staff to live and work alongside people with disabilities (PWDs), conducting assessments of office premises to enhance workplace accessibility, and actively recruiting PWDs, among other efforts.

TCC Plc's dedicated DE&I team, which incorporates a member with a disability, plays a crucial role in shaping inclusivity agendas during the formulation of policies and initiatives at all levels. Currently, the Company has 2 PWDs, and there are ongoing commitments and plans to recruit more in accordance with existing legislation, available vacancies, and training opportunities. To address DE&I challenges, the Company collaborates closely with People & Culture vendors to ensure the recruitment of PWDs.

A past initiative, introduced in the financial year 2022 "New Ways of Working," was further implemented in this financial year 2023. Under this initiative the Company implemented and operationalized a policy that empowers employees to choose how, when, and where they work. This policy includes financial support for employees to establish home-based offices conforming to ergonomic guidelines. Acknowledging the paramount importance of employee comfort, productivity, motivation, and health and safety, Phase 1 of our New Ways of Working Policy focuses on employees in market and factory divisions. Data collected during this stage, including behavioral trends and staff experiences, will inform Phase 2, involving our direct workforce in sales, field-force, and the factory shopfloor.

Report by Those Charged with Governance
for the year ended December 31, 2023 (continued)

14. Promoting a Safe Environment

The Company is committed to fostering a work environment that is both safe and conducive. Safety is not just a practice; it's ingrained in our processes and the spaces we inhabit. Our steadfast belief is that no one should suffer harm due to a workplace accident.

Aligned with the ISO 45001:2018 – Occupational Health and Safety standards, our internal occupational health and safety policy establishes the minimum standards to safeguard employees within our organization. Crafted for seamless integration into our management processes, our health and safety policy prioritizes flexibility, accountability, and reporting. Embracing a risk-based approach, the policy ensures ongoing effectiveness through continuous improvement cycles, adapting to our evolving risk portfolios. This includes comprehensive reporting and management of people-related concerns within the workplace, as well as addressing on-the-ground workplace matters.

15. Political and Charitable Donations

As a matter of policy, the Company does not make political contributions; as outlined in the ESG section of this report, as it is in contrary to the anti-bribery policy of the Company.

16. Community Investment

TCC Plc's Community Investment program aims to enhance the inclusivity of the communities where we operate, fostering an environment where everyone can thrive and actively contribute to society. This initiative is aligned with the Company's commitment to doing the right thing, and it serves as a means to fulfill the volunteering and community investment sustainability targets, in alignment with the company's Vision 2030.

Community Investment stands as a pivotal component of TCC Plc's sustainability strategy, reflecting our corporate responsibility to people and society at large. Through the company's various community investment projects and initiatives, TCC Plc seek to promote inclusion as defined by the United Nations.

The 2023 community investment recorded TZS 411 million spent and 360 hours of volunteering, which addressed livelihood transforming activities to people with disabilities, fostered economic empowerment, promoted learning through a scholarship program and attained environmental objectives through natural environment programs. Details of the activities are disclosed in the ESG section of the report on page 44.

17. Related Party Transactions and Balances

All related party transactions and balances are disclosed in Note 28 to these financial statements.

18. Performance for the Year

The Company's revenue grew by 9.7% to TZS 373,527 million and a similar increase in gross profit by 6.9% to TZS 204,097 million. Net income slightly decreased by 4.2% to TZS 66,233 million and we had a net cash inflow of TZS 20,682 million. The improved gross profit was driven by volumes despite 20% excise increase, whilst net income also marginally increased from 2022 when excluding a one-off gain from sale of property in the prior year.

Report by Those Charged with Governance
for the year ended December 31, 2023 (continued)

19. Tax Compliance

Committed to upholding its obligation under the country's tax laws, the Company consistently advocates for a high level of tax compliance. All relevant taxes, as stipulated by Tanzanian tax laws, are diligently paid to the Tanzania Revenue Authority.

20. Dividend

During the year an interim ordinary gross dividend of TZS 30 billion or TZS 300 per share was declared by Directors for 2023, which was paid in October 2023 (2022: TZS 30 billion or TZS 300 per share).

After year-end, the Directors have proposed the declaration of a final ordinary gross dividend of TZS 20 billion or TZS 200 per share (2022: TZS 37 billion or TZS 370 per share). The final ordinary dividends are subject to adoption by shareholders at the Annual General Meeting.

21. Future Development Plans

TCC Plc is focused on living up to its purpose of "Creating Fulfilling Moments. Creating A Better Future" by honoring its ESG commitments, continuously monitoring its brand health and reinventing its product offerings. In doing so the Company seeks to achieve sustainable growth of not only its bottom line, but also its workforce talents, customer base and impact in the communities around the Company's operations.

22. Resources

Apart from those items that are reflected in the statement of financial position, the Company's intangible assets include the equity of its brands, the quality of its products, highly motivated employees and the strength of its wide distribution network.

23. Solvency

The Board of Directors confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis. The Directors consider the Company to be solvent within the meaning ascribed by the Companies Act, 2002.

24. Statement of Compliance

The Report by Those Charged with Governance has been prepared in compliance with the Tanzania Financial Reporting Standard No. 1 "TFRS 1" (The Report by Those Charged With Governance).

25. Auditors

The auditors, Deloitte & Touche, were appointed during the year and having expressed their willingness, continue in office in accordance with section 170 (2) of the Companies Act, 2002.

A resolution proposing the appointment of Deloitte & Touche as auditor of the Company for the financial year ending 2024 will be tabled for shareholders' approval at the next Annual General Meeting

Report by Those Charged with Governance
for the year ended December 31, 2023 (continued)

Deloitte & Touche with PF No 025 and Taxpayer Identification Number (TIN) 100-148-692 is an audit firm registered with the National Board of Accountants and Auditors of Tanzania (NBAA).

26. Responsibility of the Auditor

The responsibilities of the auditors have been included in the Auditors Report included in the financial statements.

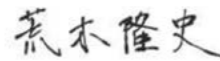
27. Responsibility by Those Charged with Governance

The responsibilities of the Directors on these financial statements have been stated in the Statement of Directors responsibilities on page 73 of these financial statements.

Approved and authorized for issue by the Board of Directors on March 26, 2024 and signed on its behalf by:



Mr. Paul Makanza
Chairman



Mr. Takashi Araki
Chief Executive Officer

Statement of Director's Responsibilities

The Companies Act, 2002 (the "Act") of Tanzania requires the Directors to prepare financial statements for each financial year that present fairly the state of affairs of the Company and its operating results for that year. The Act also requires the Directors to ensure that the Company keeps proper accounting records which disclose with reasonable accuracy at any time, the financial position of the Company. They are also responsible for safeguarding the assets of the Company.

The Directors are responsible for the preparation of financial statements that present fairly in all material respects the financial position and results of the Company in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2002 of Tanzania, and for such internal controls as Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Companies Act. The Directors are of the opinion that the financial statements present fairly the state of the financial affairs of the Company and of its profit in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2002 of Tanzania.

The Directors further accept responsibility for the maintenance of accounting records, which may be relied upon in the preparation of financial statements, as well as designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement.

Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least the next twelve months from the date of this statement.



Mr. Paul Makanza
Chairman



Mr. Takashi Araki
Chief Executive Officer

Declaration by The Head of Finance

FOR THE YEAR ENDED DECEMBER 31, 2023

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the Head of Finance responsible for the preparation of financial statements of the entity concerned.

It is the duty of a Professional Accountant to assist the Board of Directors to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity position and performance in accordance with International Financial Reporting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Board of Directors as set out in the Statement of Directors' Responsibilities on an earlier page.

I, Thomas Hadorn, being the Finance Director of Tanzania Cigarette Public Limited Company hereby acknowledge my responsibility of ensuring that financial statements for the year ended December 31, 2023 have been prepared in compliance with International Financial Reporting Standards and statutory requirements.

I thus confirm that the financial statements comply with International Financial Reporting Standards and statutory requirements as on that date and that they have been prepared based on properly maintained financial records.



Mr. Thomas Hadorn

Finance Director

NBAA Membership No.: TACPA 3845

March 26, 2024



INDEPENDENT AUDITOR'S REPORT
 TO THE MEMBERS OF TANZANIA CIGARETTE PUBLIC LIMITED COMPANY

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Tanzania Cigarette Public Limited Company (the "Company" or "TCC") set out on pages 80 to 112, which comprise the statement of financial position as at December 31, 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2023 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act, 2002.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the National Board of Accountants and Auditors (NBAA) Code of Ethics which is consistent with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)*, together with the ethical requirements that are relevant to our audit of the financial statements in Tanzania, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements for Tanzania Cigarette Public Limited Company for the year ended December 31, 2022 were audited by another auditor who expressed an unmodified opinion on those statements on April 20, 2023.



Partners: F.J. Kibiki M. R Richard Y. Kasenge

Associate of Deloitte Africa, a Member of Deloitte Touche Tohmatsu Limited

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter	How our audit addressed the key audit matter
<p>Valuation of defined benefit obligation:</p> <p>The Company operates an unfunded defined benefit retirement plan for its employees. Significant judgement is required by the Directors in determining the defined benefit obligation. We identified the valuation of defined benefit obligation as representing a key audit matter due to the significance of the balance to the financial statements as a whole, combined with the judgement and estimation uncertainty associated with determining the amounts.</p> <p>The determination of the present value of the defined benefit obligation, and the related current service cost and past service cost recorded involves a significant estimation process.</p> <p>In any actuarial assessment there is inherent uncertainty associated with the results as assumptions are made about future events. Those assumptions include discount rates, inflation rate, and nominal salary increase rate.</p> <p>The liability is calculated by the Company's appointed external actuaries.</p> <p>As at December 31, 2023, the defined benefit obligation was TZS 13,479 million (2022: TZS 17,184 million) as per note 26 of the financial statements.</p>	<p>Our audit procedures involved, amongst others:</p> <ul style="list-style-type: none"> • We assessed the competence, capabilities and objectivity of the Company's external actuaries, and verified their qualifications and experience. In addition, we discussed the scope of their work and reviewed their terms of engagement to determine that there were no matters that affected their independence and objectivity or imposed scope limitations upon them. We confirmed that the approach they used is consistent with industry norms; • We involved our actuarial specialists in evaluating the Directors and their valuer's judgements and, in particular the models used. Our actuarial experts counterchecked the data used for calculation and the output from the calculation of the liabilities and the emerging reserves as prepared and presented by the Directors; • We performed an analysis of the significant assumptions made by the actuaries so as to evaluate the extent of impact on the liability and assessed the appropriateness of the Company's disclosures; and • In addition, we tested a selection of data inputs underpinning the defined benefit obligation valuation, including total annual salary, percentage salary increase in a year, average age of employees, number of employees, average pensionable service, discount rates and inflation rate against appropriate supporting documentation, to assess the accuracy, reliability and completeness thereof. <p>We found that the models used for the calculation of the defined benefit obligation were appropriate.</p>

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Executive Summary, Company information, Message to Stakeholders, Sustainability Report, the Report by Those Charged with Governance and Appendixes but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Other Information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs and the requirements of the Companies Act, 2002 and for such internal controls as Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Auditor's Responsibilities for the Audit of the Financial Statements

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal Requirements

As required by the Companies Act, 2002 we report to you, based on our audit, that:

- i) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purpose of our audit;
- ii) In our opinion proper books of account have been kept by the Company, so far as appears from our examination of those books; and
- iii) The Company's statement of financial position (balance sheet) and statement of profit or loss and other comprehensive income (profit and loss account) are in agreement with the books of account.

The engagement partner responsible for the audit resulting in this independent auditor's report is F.J. Kibiki.

Deloitte & Touche

Certified Public Accountants (Tanzania)



Signed by: F.J. Kibiki

NBAA Registration No. ACPA-PP 3214

Dar es Salaam

April 16, 2024

Statement of Profit or Loss and other Comprehensive Income

for the year ended December 31, 2023

TZS MM	Notes	2023	2022
Revenue	6(a)	373,527	340,604
Cost of sales	7	(169,430)	(149,763)
Gross profit		204,097	190,841
Selling, marketing and distribution expenses	8(a)	(45,954)	(39,127)
Administration expenses	8(b)	(52,364)	(45,455)
Other expenses		(5,386)	(4,564)
Expected credit losses		5	80
Other income	9	1,123	6,627
Interest income	10	885	416
Interest expense	11	(3,322)	(2,054)
Profit before tax	12	99,083	106,764
Income tax expense	13 (a)	(32,850)	(37,558)
Profit for the year		66,233	69,206
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
- Defined benefit actuarial gain/(loss)	26	4,697	(2,562)
- Tax (expense)/credit relating to components of other comprehensive income	13(c)	(1,409)	769
		3,288	(1,793)
Total comprehensive income for the year		69,521	67,413
Earnings per share:			
Basic and diluted (TZS per share)	14	662	692

Statement of Financial Position

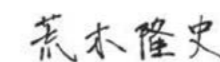
as at December 31, 2023

TZS MM	Notes	2023	2022
Assets			
Non-current assets			
Property, plant and equipment	16	83,593	79,640
Right-of-use assets	17	494	318
Total non-current assets		84,087	79,958
Current assets			
Inventories	19	166,862	119,428
Income tax asset	13 (d)	2,503	-
Trade and other receivables	20	57,681	56,457
Cash and cash equivalent	21	39,976	17,103
Total current assets		267,022	192,988
Total assets		351,109	272,946
Equity and liabilities			
Capital and reserves			
Share capital	22	2,000	2,000
Defined benefit reserve		7,538	4,250
Retained earnings		153,186	153,953
Total equity		162,724	160,203
Non-current liabilities			
Deferred tax liability	23	2,322	1,801
Defined benefit obligation	26	13,479	17,181
Lease liability	27	20	24
Total non-current liabilities		15,821	19,006
Current liabilities			
Trade and other payables	24	127,766	70,730
Provisions	25	11,390	9,254
Lease liability	27	193	55
Inter-Company borrowing	31	33,215	12,048
Income tax liability	13(d)	-	1,650
Total current liabilities		172,564	93,737
Total liabilities		188,385	112,743
Total equity and liabilities		351,109	272,946

The financial statements on pages 80-112 were approved and authorized for issue by the Board of Directors on March 26, 2024 and were signed on its behalf by the following Directors:



Mr. Paul Makanza
Chairman



Mr. Takashi Araki
Chief Executive Officer

Statement of Changes in Equity

for the year ended December 31, 2023

TZS MM	Notes	Share capital	Defined benefit reserve	Retained earnings	Total
At January 01, 2022		2,000	6,043	144,747	152,790
Profit for the year		-	-	69,206	69,206
Other comprehensive loss		-	(1,793)	-	(1,793)
Dividend paid (2021 final and 2022 interim)	15	-	-	(60,000)	(60,000)
At December 31, 2022		2,000	4,250	153,953	160,203
At January 01, 2023		2,000	4,250	153,953	160,203
Profit for the year		-	-	66,233	66,233
Other comprehensive Income		-	3,288	-	3,288
Dividend paid (2022 final and 2023 interim)	15	-	-	(67,000)	(67,000)
At December 31, 2023		2,000	7,538	153,186	162,724

Statement of Cash Flows

for the year ended December 31, 2023

TZS MM	Notes	2023	2022
Cash flows from operating activities			
Profit before tax		99,083	106,7634
Adjustments for:			
Depreciation of property, plant and equipment	16	11,144	14,293
Depreciation of right use-of-asset	17	558	421
Defined benefit expense	26	1,178	774
Interest expense	11	3,322	2,054
Interest income	10	(885)	(416)
Impairment charge of inventory		72	77
Impairment (reversal)/charge of receivables		(82)	80
Foreign exchange loss		2,558	44
Increase in provisions		2,136	1,171
Gain on disposal of property, plant and equipment	9	(101)	(6,168)
Operating profit before working capital changes		118,983	119,094
Working capital changes:			
Increase in inventories		(47,506)	(2,847)
Increase in trade and other receivables		(499)	(13,609)
Increase in trade and other payables		51,658	2,071
Net cash generated from operations		122,636	104,709
Defined benefit paid	26	(1,876)	(219)
Interest received	10	885	416
Interest paid on loan	31	(1,302)	(561)
Current tax paid	13(d)	(37,891)	(40,185)
Net cash generated by operating activities		82,452	64,160
Cash flows from investing activities			
Purchase of property, plant and equipment	16	(15,509)	(8,297)
Proceeds from disposal of property, plant and equipment		513	6,596
Net cash used in investing activities		(14,996)	(1,701)
Cash flows from financing activities			
Dividends paid	15	(67,000)	(60,000)
Inter-Company repayments	31	(27,555)	(27,177)
Inter-Company borrowing received	31	48,392	18,635
Lease rentals paid	27	(611)	(439)
Net cash used in financing activities		(46,774)	(68,981)
Net increase/(decrease) in cash and cash equivalents		20,682	(6,522)
Net foreign exchange differences		2,191	(169)
Cash and cash equivalents at the beginning of the year		17,103	23,794
Cash and cash equivalents at the end of the year	21	39,976	17,103

Notes to the Financial Statements

for the year ended December 31, 2023

1. General Information

The financial statements of Tanzania Cigarette Public Limited Company for the year ended December 31, 2023 were authorised for issue in accordance with a resolution of the Directors on March 26, 2024.

Tanzania Cigarette Public Limited Company ('The Company') is a limited liability public company incorporated in the United Republic of Tanzania. The address of its registered office and principal place of business is disclosed in the corporate information on page 75 of this report. The principal activities of the Company are described in the Report by Those Charged with Governance.

2. Adoption of New and Revised International Financial Reporting Standards

a) New standards and amendments to published standards effective for the year ended 31 December 2023

The following were new and revised IFRSs that have been effective in the current year. The Company's application of the new and revised standards did not have significant impact to these financial statements.

IFRS 17 Insurance Contracts	IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2023.
Amendments to IFRS 17	<p>Amends IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 Insurance Contracts was published in 2017. The main changes are:</p> <ul style="list-style-type: none"> • Deferral of the date of initial application of IFRS 17 by two years to annual periods beginning on or after 1 January 2023. • Additional scope exclusion for credit card contracts and similar contracts that provide insurance coverage as well as optional scope exclusion for loan contracts that transfer significant insurance risk. • Recognition of insurance acquisition cash flows relating to expected contract renewals, including transition provisions and guidance for insurance acquisition cash flows recognised in a business acquired in a business combination. • Clarification of the application of IFRS 17 in interim financial statements allowing an accounting policy choice at a reporting entity level. • Clarification of the application of contractual service margin (CSM) attributable to investment-return service and investment-related service and changes to the corresponding disclosure requirements. • Extension of the risk mitigation option to include reinsurance contracts held and non-financial derivatives. • Amendments to require an entity that at initial recognition recognises losses on onerous insurance contracts issued to also recognise a gain on reinsurance contracts held. • Simplified presentation of insurance contracts in the statement of financial position so that entities would present insurance contract assets and liabilities in the statement of financial position determined using portfolios of insurance contracts rather than groups of insurance contracts. • Additional transition relief for business combinations and additional transition relief for the date of application of the risk mitigation option and the use of the fair value transition approach.
Initial Application of IFRS 17 and IFRS 9 – Comparative Information	The amendment permits entities that first apply IFRS 17 and IFRS 9 at the same time to present comparative information about a financial asset as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset before.
Amendments to IAS 1 and IFRS Practice Statement 2	The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the International Accounting Standard Board (IASB) has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

Notes to the financial statements

for the year ended December 31, 2023 (continued)

2 Adoption of new and revised International Financial Reporting Standards

a) New standards and amendments to published standards effective for the year ended 31 December 2023 (continued)

Definition of Accounting Estimates (Amendments to IAS 8)	The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.
Amendments to IAS 1	<p>The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.</p> <p>The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an Company will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.</p>

Standard or amendment	Description	Effective date
IFRS S1	General Requirements for Disclosure of Sustainability-related Financial Information	January 1, 2024
IFRS S2	Climate-related Disclosures	January 1, 2024
Amendment to IAS 1	Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)	January 1, 2024
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	January 1, 2024
Amendment to IAS 1	Non-current Liabilities with Covenants (Amendments to IAS 1)	January 1, 2024
Amendments to IAS 12	International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12)	January 1, 2024
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)	January 1, 2024
Amendment to IFRS 16	Lease Liability in a Sale and Leaseback	January 1, 2024
Amendments to IAS 21	Lack of Exchangeability (Amendments to IAS 21)	January 1, 2025

b) Impact of new and amended standards and interpretations in issue but not yet effective in the year ended December 31, 2023

IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information

IFRS S1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.

Application of IFRS S1 is optional however the National Board of Accountants and Auditors of Tanzania (NBAA) has mandated application of this standard in Tanzania. The standard is effective for accounting periods beginning on or after January 1, 2024 and the Directors are still evaluating the impact to the financial statements.

IFRS S2 Climate-related Disclosures

IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

Application of IFRS S2 is optional however the National Board of Accountants and Auditors of Tanzania (NBAA) has mandated application of this standard in Tanzania. The standard is effective for accounting periods beginning on or after January 1, 2024 and the Directors are still evaluating the impact to the financial statements.

Notes to the financial statements
for the year ended December 31, 2023 (continued)

2 Adoption of new and revised International Financial Reporting Standards

- b) Impact of new and amended standards and interpretations in issue but not yet effective in the year ended December 31, 2023 (continued)

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

The amendments to IAS 1 are effective for accounting periods beginning on or after January 1, 2024 and the Directors do not anticipate that its adoption will result into material impact on the financial statements.

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.

The amendments to IFRS 16 are effective for accounting periods beginning on or after January 1, 2024 and the Directors do not anticipate that its adoption will result into material impact on the financial statements.

Non-current Liabilities with Covenants (Amendments to IAS 1)

The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

The amendments to IAS 1 are effective for accounting periods beginning on or after January 1, 2024 and the Directors do not anticipate that its adoption will result into material impact on the financial statements.

International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12)

The amendments provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes.

The amendments to IAS 12 are effective for accounting periods beginning on or after January 1, 2024 and the Directors do not anticipate that its adoption will result into material impact on the financial statements.

Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.

The amendments to IAS 7 and IFRS 7 are effective for accounting periods beginning on or after January 1, 2024 and the Directors do not anticipate that its adoption will result into material impact on the financial statements.

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.

Amendments to IFRS 16 is effective for accounting periods beginning on or after January 1, 2024 and the Directors do not anticipate that its adoption will result into material impact on the financial statements

Lack of Exchangeability (Amendments to IAS 21)

The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

The amendments to IAS 7 and IFRS 7 are effective for accounting periods beginning on or after January 1, 2025 and the Directors do not anticipate that its adoption will result into material impact on the financial statements.

c) **Early adoption of standards**

The Company did not early-adopt any new or revised standards in 2023.

3. Material Accounting Policies

Statement of compliance

The financial statements have been prepared in accordance with and comply with International Financial Reporting Standards.

For the Tanzanian Companies Act, 2002 reporting purposes, in these financial statements the balance sheet is represented by the statement of financial position and the profit and loss account is presented in the financial statements as statement of profit or loss and other comprehensive income.

Basis of preparation

The financial statements have been prepared on the historical cost basis except for the revaluation of financial instruments that are measured at revalued amounts or fair values as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The financial statements are stated in Tanzanian Shillings (TZS), rounded to the nearest million.

The Company has an investment in TCC (Kenya) Limited, a wholly owned subsidiary, which is incorporated in Kenya under the Kenyan Companies Act.

The Company has determined that the investment is not material and has no impact on the reported profit or loss and its statement of financial position. The Group (Tanzania Cigarette Public Limited Company) and Company numbers are the same after taking into account the investment in the dormant subsidiary.

Notes to the financial statements
for the year ended December 31, 2023 (continued)

3 Material accounting policies (continued)

Revenue recognition

The Company derives its revenue from the sale of cigarettes to domestic and export customers.

Revenue is recognized based on the following five-step approach.

Step 1: Identify the contract with customer;

Step 2: Identify the performance obligations in the contract;

Step 3: Determine the transaction price;

Step 4: Allocate the transaction price to the performance obligation in the contract;

Step 5: Recognize revenue when the entity satisfies a performance obligation

Revenue is recognized upon delivery of product because the customer obtains control of the product upon delivery by which the Company evaluates that the performance obligation is satisfied. Revenue is measured at the consideration promised in a contract with customer, less discounts, rebates, amounts collected on behalf of third parties and taxes. The excise taxes and other transaction in which the Company is involved as an agency are excluded from revenue. The amount after deducting the excise taxes and other transactions is presented as revenue in the statement of profit or loss and other comprehensive income.

Sale of cigarettes to domestic customers

Revenue for sales of goods to domestic customers is recognized when control of the goods has transferred, being at the point the customer purchases the goods. Payment of the transaction price is due immediately at the point the customer purchases the goods for cash customers and for credit customers based on the agreed credit periods with the Company as stipulated in the contracts.

Sales of cigarettes to export customers

Revenue from sales of goods to export customers is recognized when control of the goods has transferred, being when the goods have been shipped to the customer's specific delivery location.

A receivable is recognised by the Company when the goods are shipped to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Foreign currency translation

These financial statements are presented in Tanzania Shillings, which is also the functional currency of the Company. Transactions in currencies other than the Company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated using the closing rates. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period in which they arise except for exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on foreign currency borrowing.

Retirement benefits obligations

The voluntary agreement between management and the trade union created a defined benefit plan. The Company operates an unfunded and unvested defined benefit scheme for its employees. Provision is made in the financial statement for the estimated cost of the future benefits under the scheme. No employee contributions are made to the scheme. Payments to the scheme are recognized as an expense in profit or loss when employees have rendered service entitling them to the scheme with actuarial valuations being carried out at the end of each reporting period. Actuarial gains or losses are fully recognized in other comprehensive income. Past service costs are recognized immediately in profit or loss.

The retirement benefit obligation recognized in the statement of financial position represents the present value of the defined benefit obligation as adjusted for actuarial gains and losses. The present value of the defined benefit obligation is determined by discounting the estimated future cash out flows using various factors as described in the Note 27 of these financial statements.

The Company and its employees also make statutory contributions to the National Social Security Fund (NSSF). The Company's obligations with respect to contributions are 10% of the employees' emoluments. The Company's contributions with respect to these retirement benefits obligations are charged to the profit or loss in the period to which they relate.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current Corporate tax

The current corporate tax charge in profit or loss is based on statutory income tax rate of 30% applied on taxable profit for the year under review. The taxable profit is arrived at after taking into consideration relevant provisions of IAS 12 and the Income Tax Act of 2004 together with its subsequent amendments through the Finance Acts as enacted by the Parliament of United Republic of Tanzania.

Taxable profit differs from account profit as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in different accounting periods (temporary differences) and items that are never taxable or deductible (permanent differences). The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxation

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, the written down value. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available in future against which those deductible temporary differences can be utilized.

Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit or for transactions that, on initial recognition, does not give rise to equal taxable and deductible temporary differences.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis

Current and deferred tax for the period under review

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items that are recognized outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognized outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

Value Added Tax (VAT)

The revenues, expenses and assets are recognized at amounts net of VAT. However, in the event that VAT incurred on a purchase of assets or services is not claimable as input VAT as provided in the VAT Act, 2014 together with its subsequent amendments and regulations, the VAT is recognized as part of cost of acquisition of the assets or part of the expense item as appropriate.

Any unpaid or uncollected amounts due to suppliers or due from customers are stated and reported as gross amounts including VAT.

The net (Output VAT less Input VAT) amount of VAT payable to Tanzania Revenue Authority at the year-end is included in trade and other payables.

Excise duty

The excise duty paid/payable to Tanzania Revenue Authority is determined by applying specific rates as provided in the Excise (Management and Tariff) Act, Cap 147 together with its subsequent amendments. The current specific excise duty rates which are applicable as at year end are as follows:

- Cigarettes without filter tip and containing domestic tobacco exceeding 75% is TZS 14,936 per 1,000 cigarettes (2022: TZS 12,447).
- Cigarettes with filter tip and containing domestic tobacco exceeding 75% is TZS 35,310 per 1,000 cigarettes (2022: TZS 29,425).
- Other cigarettes not mentioned in first and second bullet above is TZS 67,076 per 1,000 cigarettes (2022: TZS 55,897).
- Other manufactured tobacco locally produced containing domestic tobacco exceeding 75% is TZS 9,600.00 per kg (2022: TZS 8,000).

The amount of excise duty payable to Tanzania Revenue Authority at the year-end is included in the trade and other payables.

Investment in Subsidiary Company

Investment in subsidiary is recognized at cost less any accumulated impairment losses.

Inventories

The cost of inventories includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present condition.

Inventories are stated at the lower of cost and net realizable value. Cost of raw materials and consumable stores are determined by the weighted average cost method. Cost of finished goods and work in progress are valued at direct raw material cost and include a portion of manufacturing overhead expenses, determined on a weighted average basis. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and costs to be incurred in marketing, selling and distribution. Provision is made where necessary for the obsolete, slow moving and defective inventories.

Leases

The Company as lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise;

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. The right-of-use assets are depreciated on straight line basis over the tenor of leased asset. The useful lives for the right of use assets are 2,3 and 10 years.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. For a contract that contain a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily take a substantial period of time to prepare for its intended use or sale, are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs may include:

- Interest expense calculated using the effective interest method as described in IFRS 9 Financial Instruments.
- Finance charges in respect of leases recognised in accordance with IFRS 16 ; and
- Exchange differences arising from foreign currency borrowings and other financing costs to the extent that they are regarded as an adjustment to interest costs.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated so as to write off the cost of property, plant and equipment on a straight-line basis, over the estimated useful life to the estimated residual value. Useful life, residual values and depreciation methods are reviewed on an annual basis with the effect of any changes in estimate accounted for on a prospective basis. Residual values are measured as the estimated amount currently receivable for an asset if the asset were already of the age and condition expected at the end of its useful life. Each significant component included in an item of property, plant and equipment is separately recorded and depreciated. Capital work in progress is not depreciated. The estimated useful life of assets at time of acquisition is assumed as follows:

	Years
Permanent buildings	50
Temporary buildings	3
Plant and machinery	5 - 20
Other equipment	3 - 10
Motor vehicles	4

Maintenance and repairs, which neither materially add to the value of the assets nor appreciably prolong their useful lives, are recognised as an expense in the period incurred. Minor plant and equipment items are also recognised as an expense during the period incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Profits or losses on the retirement or disposal of property, plant and equipment, determined as the difference between the actual proceeds and the carrying amount of the assets, are recognised in profit or loss in the period in which they occur. The date of disposal is determined as the date on which the Company has transferred to the buyer the significant risks and rewards of ownership of the goods, the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, the proceeds on the sale can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Company and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the asset, from the date that it is available for use. The estimated useful life and amortisation method are reviewed at the end of each financial year with any changes being accounted for on prospective basis.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognised. The estimated useful life from year of acquisition is estimated to be 10 (ten) years.

Impairment of tangible and intangible assets

Assets that have an indefinite useful life and intangible assets not available for use are tested annually for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

Assets that are subject to depreciation and amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized if the recoverable amount of an asset is less than its carrying amount. The impairment loss is recognized as an expense in profit or loss immediately. The recoverable amount of an asset is the higher of the asset's fair value less cost of disposal and its value in use.

The fair value represents the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties.

The value in use of an asset represents the expected future cash flows from continuing use and disposal that are discounted to their present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The impairment loss is allocated to reduce the carrying amount of the assets of the cash-generating unit, first to goodwill in respect of the cash generating unit, if any, and then to the other assets on a pro-rata basis based on their carrying amounts. The carrying amount of individual assets are not reduced below the higher of its value in use, zero or fair value less cost of disposal.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at revalued amount, in which case the reversal of the impairment loss is treated as revaluation increase. No goodwill impairment losses are reversed.

After the recognition of an impairment loss, any depreciation or amortization charge for the asset is adjusted for future periods to allocate the asset's revised carrying amount, less its estimated residual value, on a systematic basis over its remaining useful life.

Dividends

Dividends payable on ordinary shares are charged to retained earnings in the period in which they are declared.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets

i) Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

ii) Subsequent measurement

The Company's principal financial assets are trade and other receivables and cash and cash equivalents.

Financial assets are recognised and derecognised on trade-date where the purchase or sale of the financial asset is under a contract whose terms require delivery of the instrument within the timeframe established by the market concerned.

All financial assets are initially measured at amortised cost or fair value, depending on the classification of financial assets

iii) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost.

Trade and other receivables

Trade and other receivables are stated at invoice amounts less expected credit losses. Expected credit loss is established using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the trade and other receivables.

Cash and cash equivalents

For the purposes of the cash flows statement, cash and cash equivalents include cash on hand, in banks and investments in money market instruments and duly reconciled to the related items in the statement of financial position.

iv) Impairment of Financial Assets

With respect to financial assets measured at amortized cost, the Company recognizes an allowance for doubtful accounts for expected credit losses (ECLs). The expected credit losses are calculated based on historical loss experience or future recoverable amounts.

An allowance for doubtful accounts for trade receivables is always recognized in an amount equal to the full lifetime expected credit losses. In principle, with respect to financial assets except for trade receivables, an allowance for doubtful accounts is measured at an amount equal to the 12-month expected credit losses. However, the allowance for doubtful accounts is measured at an amount equal to the full lifetime expected credit losses if a credit risk on the financial asset has increased significantly since initial recognition.

The Company assesses whether a credit risk on a financial asset has increased significantly based on a change of the default risk considering past due information, financial difficulties of obligors or downgrades of the internal credit rating. The Company assesses a whole or part of the financial asset which is deemed extremely difficult to be collected as a default and recognizes it as a credit-impaired financial asset. If the Company reasonably determines that a whole or part of the financial asset is uncollectible, the carrying amounts of financial assets are written-off directly.

An allowance for doubtful accounts for financial assets is recognized in profit or loss. If an event which causes a reduction in the allowance for doubtful accounts occurs, a reversal of an allowance for doubtful accounts is recognized in profit or loss.

v) De-recognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities

i) Initial Recognition and measurement

Financial liabilities are classified into financial liabilities measured at fair value through profit or loss and financial liabilities measured at amortized cost. The Company determines the classification at initial recognition.

All financial liabilities are measured at fair value at initial recognition. However, financial liabilities measured at amortized cost are measured at cost after deducting transaction costs that are directly attributable to the financial liabilities. The Company's financial liabilities include trade and other payables.

ii) Subsequent measurement

After initial recognition, financial liabilities are measured based on the following classifications:

Financial liabilities measured subsequently at amortised cost

After initial recognition, financial liabilities measured at amortized cost are measured at amortized cost using the effective interest method. Amortization under the effective interest method and gains or losses on derecognition are recognized as profit or loss in the consolidated statement of income. After initial recognition, financial guarantee contracts are measured at the higher of:

- The amount of an allowance for doubtful accounts calculated in accordance with "Impairment of Financial Assets" above, and
- The amount initially measured less cumulative revenue recognized in accordance with IFRS 15 "Revenue from Contracts with Customers".

De-recognition of financial liabilities

The Company de-recognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability de-recognised and the consideration paid and payable is recognised in profit or loss.

Offset

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainties

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below. These estimates are based on management's best knowledge of current events and actions they may undertake in the future, but the actual results may ultimately differ from those estimates. The estimates and underlying assumptions are regularly reviewed and revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The areas of critical judgements and key sources of estimation uncertainty are as set out below:

Provisions for pending litigations

The Company is currently involved in various legal cases. Management regularly reviews the status of these cases and, in consultation with legal counsel, estimates the probable liabilities that could be incurred in the event that the Company loses the cases. In determining whether to process the provisions in the financial statements, management critically evaluates the probability of losing these cases and only makes provision for the cases in which it is probable that future outflow of resources will be required to settle the obligations.

Expected credit loss

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for the customers. The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., inflation) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs involves estimation. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

When measuring expected credit losses, the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Taxation

The Company is subjected to numerous taxes and levies by various government and quasi-government regulatory bodies. Generally, the Company recognises liabilities with regard to anticipated taxes and levies payable with utmost care and diligence. However, significant judgement is required in

the interpretation and application of those taxes and levies. In the event that management assesses that the initially recorded liability was erroneous, the differences are charged to the profit and loss account in the period in which the differences are determined.

Asset useful lives and residual values

The estimated useful lives and residual values of items property, plant and equipment and right of use of an assets are reviewed annually and are in line with the rates at which they are depreciated.

Refer to notes 16 and 17 for the carrying amount of property, plant and equipment and right of use of an asset.

Defined benefit plan

The Company operates an unfunded defined benefit retirement plan for all employees. Employees do not contribute to the plan the Company bears all cost. A provision is made in the financial statements for the estimated cost of the future benefits. The accuracy and completeness of such provisions is confirmed periodically by an independent actuarial valuation. Refer to Note 26 of the financial statements for uncertainty and sensitivity disclosure.

5. Operating Segments

IFRS 8 requires an entity to report financial and descriptive information about its reportable segments. The Company has two operating segments namely domestic and export markets. The domestic market has reported revenue from both external customers and intersegment sales or transfers, of 82 percent (2022: 84 percent) of the combined revenue of all operating segments, thus qualifying as reportable segment.

The chief operating decision maker (Chief Executive Officer) monitors the operating results of business segments separately for the purpose of performance assessment and decision making on resource allocation. The accounting policies of the operating segments are the same as those described in the summary of material accounting policies.

The domestic market segment is carrying on the business of manufacturing and selling of cigarettes in Tanzania. Brands sold in domestic market include Camel, Winston, Club, Embassy, Portsman, Sweet Menthol and Crescent & Star.

Export markets include Democratic Republic of Congo, Mozambique and Namibia. The export brands include Camel, Winston, Aspen, Monte Carlo and LD. Export markets reported revenue of 18 percent of the combined revenue (2022:16 percent).

Information about transactions with major customers

Below is the revenue from top ten domestic customers, the amounts are disclosed exclusive of VAT.

TZS MM	2023	2022
Revenue from top ten customers	123,143	106,764

The domestic segment has about 1000 active customers.

Segment revenues and results

The following is an analysis of the Company's revenue and results from operations by reportable segment.

TZS MM	Segment revenue		Segment gross profit	
	2023	2022	2023	2022
Domestic Market	307,904	287,883	195,281	183,964
Export Market	65,623	52,721	8,816	6,877
	373,527	340,604	204,097	190,841

Marketing, selling & distribution expenses:

TZS MM	2023	2022
- Export market	(10,559)	(12,573)
- Domestic market	(35,395)	(26,554)
Administration expenses	(53,621)	(45,455)
Other expenses	(5,819)	(4,564)
Expected credit loss	5	80
Other gains	1,123	6,627
Interest income	885	416
Interest expense	(1,633)	(2,054)
Profit before tax	99,083	106,764

The following is an analysis of the operating segment revenue by brands, from its major products in domestic market.

TZS MM	Domestic revenue		Export revenue	
	2023	2022	2023	2022
Embassy	35,933	31,567	-	-
Club	8,595	16,299	549	641
Portsman	27,140	25,125	22,692	15,177
Sweet Menthol	14,033	15,194	-	-
Winston	199,579	179,342	2,047	-
Others	22,564	20,356	5,747	7,754
Monte Carlo	-	-	33,480	27,917
LD	-	-	1,107	1,232
	307,904	287,883	65,622	52,721

For the purposes of monitoring segment performance and allocating resources between segments, all assets and liabilities are allocated to the domestic market.

TZS MM	2023	2022
Segment assets		
Property, plant and equipment	83,593	79,640
Right-of-use assets	494	318
Total segment non-current assets	84,087	79,958
Inventories	166,862	119,428
Trade and other receivables	57,681	56,457
Income tax asset	2,503	-
Cash and cash equivalents	39,976	17,103
Total segment current assets	267,022	192,988
Total assets	351,109	272,946

TZS MM	2023	2022
Segment liabilities		
Deferred tax liability	2,322	1,801
Defined benefit obligation	13,479	17,184
Lease liabilities	20	24
Total segment non-current liabilities	15,821	19,009
Trade and other payables	123,699	70,727
Provisions	15,457	9,254
Lease liabilities	193	55
Inter-Company Borrowing	33,215	12,048
Income tax liability	-	1,650
Total segment current liabilities	172,564	93,734
Total liabilities	188,385	112,743

6. Revenue from Contract with Customers

(a) Revenue

Set out below is the disaggregation of the Company's revenue from contracts with customers:

TZS MM	2023	2022
Types of goods or services		
Sale of cigarettes- Domestic Market	307,904	287,883
Sale of cigarettes- Export Market	65,623	52,721
Total revenue from contracts with customers	373,527	340,604

The performance obligation relating to sale of cigarette is satisfied upon delivery of cigarette and payment is generally due within 7 days from delivery. For export customers, control of the goods passes to the customer when the delivery truck crosses the boarder and payment is due within 60 to 90 days from delivery.

7. Cost of Sales

TZS MM	2023	2022
Direct costs	128,531	100,546
Depreciation on property and plant	6,644	10,281
Stock adjustments	583	1,361
Production and price variance	(2,565)	8,423
Overheads	36,237	29,152
	169,430	149,763

Included under direct cost are the cost incurred on raw materials while on overheads it includes cost apportionment on fuel, electricity, maintenance, distribution, employees' benefits (see note 12), management and technical cost and other production expenses.

8. Selling, Marketing and Distributions Expenses/Administrative Expenses

(a) Selling, marketing and distributions expenses

TZS MM	2023	2022
Advertising and promotion cost	5,597	4,946
Depreciation and amortization	2,263	2,154
Employee's benefits expense*	21,806	20,564
Operating expenses	4,482	3,584
Operating lease rental	183	83
Transport and vehicle running cost	6,732	4,223
Research and development costs	4,891	3,895
Managerial, technical and administrative	-	7
	45,954	39,456

* Employee benefit expenses includes service cost (see note 12) and interest cost relating to the retirement obligation

(b) Administrative expenses

TZS MM	2023	2022
Depreciation and amortization	2,796	2,279
Employee's benefits expense	22,232	22,865

Notes to the financial statements

for the year ended December 31, 2023 (continued)

8 Selling, Marketing and Distributions expenses/Administrative expenses
(b) Administrative expenses (continued)

	2023	2022
Managerial & technical expense	19,817	14,757
Operating expenses	4,715	2,980
Operating lease rental	268	244
Transport and vehicle running cost	1,674	1,358
Communication	609	468
Auditors' remuneration-audit service	253	175
	52,364	45,126

9. Other Income

TZS MM	2023	2022
Sundry income *	1,022	459
Gain on sale of property, plant, and equipment	101	6,168
	1,123	6,627

* Sundry income includes income from sale of rejected boxes and scrap metal.

10. Interest Income

TZS MM	2023	2022
Interest income on bank deposits	885	416
	885	416

11. Interest Expenses

TZS MM	2023	2022
Interest expense on defined benefit pension (note 26)	1,693	1,531
Interest on lease liability (note 27)	11	10
Customer collateral	-	-
Interest expense on intercompany borrowing (note 31)	1,618	513
	3,322	2,054

12. Profit before Tax

Profit before tax has been arrived at after charging/(crediting) the following:

TZS MM	2023	2022
Key management and Directors' emoluments	4,432	4,175
Depreciation of property, plant and equipment	11,145	14,293
Depreciation of right use-of-asset	558	421
Technical and management service fees	18,824	14,132
Auditor's remuneration	253	183
Donations	373	354
Insurance proceeds	-	(121)
Gain on disposal of property, plant and equipment	(101)	(6,168)
Foreign exchange loss	6,252	1,362

Notes to the financial statements

for the year ended December 31, 2023 (continued)

12. Profit before Tax (continued)

	2023	2022
Employee benefits:		
<i>Short term benefits:</i>		
- Salaries	27,855	29,954
- Bonus	11,489	8,637
- Fringe benefits	5,102	4,789
- Vacation benefits	2,246	2,340
- Other staff costs	756	395
<i>Long term benefits:</i>		
- Defined benefit expense	2,871	2,304
- NSSF and PSSSF contributions	2,922	2,601
<i>Other statutory contributions:</i>		
- Skills and Development Levy (SDL)	1,558	1,525
- Workers Compensation Fund (WCF)	148	155
	54,947	52,700

Of the total depreciation expense for the year, TZS 6,644 million (2022: TZS 10,281 million) has been included in cost of sales. Part of employee benefit are charged to cost of sales.

13. Income Tax

(a) Income tax expense

TZS MM	2023	2022
Income tax - with respect of current year	31,074	34,190
- with respect of prior years	2,664	5,217
	33,738	39,407
Deferred tax - credit with respect of current year (note 23)	(747)	(1,531)
- credit with respect of prior years (note 23)	(141)	(318)
	(888)	(1,849)
	32,850	37,558

Tax expense represents the sum of current tax and deferred tax.

(b) Reconciliation of accounting profit to income tax expense

TZS MM	2023	2022
Profit before tax	99,083	106,764
Tax charge at 30%	29,725	32,029
Income not subject to tax	-	-
Effect of disallowable expenditure	602	630
Current tax relating to prior years	2,664	5,217
Prior years under provision of deferred tax	(141)	(318)
Income tax expense	32,850	37,558

Notes to the financial statements
for the year ended December 31, 2023 (continued)
13 Income Tax (continued)

(c) Tax expense/(credit) on other comprehensive income

TZS MM	2023	2022
Deferred tax expense/(credit) - Defined benefit plan actuarial gain/(loss)	1,409	(769)

(d) Income tax (asset)/liability

TZS MM	2023	2022
At beginning of the year	1,650	2,428
Charge for the year (Note 13(a))	33,738	39,408
Current tax paid	(37,891)	(40,186)
Balance at end of year	(2,503)	1,650

14. Earnings per Share

The earnings per share is calculated by dividing the profit for the year attributable to ordinary shareholders for the year by the weighted average number of ordinary shares in issue during the year.

TZS MM	2023	2022
Profit for the year attributable to ordinary shareholders (TZS MM)	66,233	69,206
Weighted average number of ordinary shares in issue (million)	100	100
Earnings per share (TZS)	662	692

There were no potential dilutive shares outstanding at December 31, 2023 and at December 31, 2022.

15. Dividends

	2023	2022
Interim dividend	30,000	30,000
Final dividend	37,000	20,000
Total	67,000	50,000
Number of ordinary shares in issue (million)	100	100
Dividend per share (TZS)	670	500

During the year, the Directors declared for 2022, a final ordinary gross dividend of TZS 37 billion or TZS 370 per share (2021: TZS 30 billion or TZS 300 per share). Later in the year, the Directors declared for 2023, an interim ordinary gross dividend of TZS 30 billion or TZS 300 per share, which was paid in October 2023 (2022: TZS 30 billion or TZS 300 per share).

The Directors propose a final ordinary gross dividend of TZS 20 billion or TZS 200 per share (2022: TZS 37 billion or TZS 370 per share). The final ordinary dividend is subject to adoption by shareholders at the Annual General Meeting.

The total gross dividend declared and proposed in the current year was TZS 50 billion or TZS 500 per share (2022: TZS 67 billion or TZS 670 per share).

16. Property, Plant and Equipment

TZS MM	Buildings	Plant and machinery	Other equipment	Motor vehicles	Capital work in progress	Total
Cost						
At January 1, 2022	45,865	139,568	14,818	13,519	2,389	216,159
Additions	208	1,941	710	2,510	2,928	8,297
Transfers in/(out)	155	1,713	36	1,461	(3,365)	-
Disposals	(429)	(1,128)	(73)	(2,031)	-	(3,661)
At December 31, 2022	45,799	142,094	15,491	15,459	1,952	220,795
Additions	640	2,664	857	3,105	8,243	15,509
Transfers in/(out)	157	1,690	226	-	(2,073)	-
Disposals	-	(822)	(1,720)	(2,273)	-	(4,815)
At December 31, 2023	46,596	145,626	14,854	16,291	8,122	231,489

Notes to the financial statements
for the year ended December 31, 2023 (continued)
16 Property, Plant and Equipment (continued)

TZS MM	Buildings	Plant and machinery	Other equipment	Motor vehicles	Capital work in progress	Total
Accumulated depreciation						
At January 1, 2022	16,130	95,297	11,041	7,884	-	130,352
Charge for the year	1,442	9,001	1,455	2,395	-	14,293
Disposals	(433)	(1,095)	(69)	(1,894)	-	(3,491)
At December 31, 2022	17,139	103,203	12,427	8,386	-	141,155
Charge for the year	1,778	5,344	1,587	2,435	-	11,144
Disposals	-	(798)	(1,637)	(1,968)	-	(4,403)
At December 31, 2023	18,917	107,749	12,377	8,853	-	147,896
Net book value						
At December 31, 2023	27,679	37,877	2,477	7,438	8,122	83,593
At December 31, 2022	28,613	38,891	3,085	7,075	1,976	79,640

Capital work in progress relates to the cost of various capital expenditure items which were under construction or were not received at year end.

Included in property, plant and equipment are assets with an original cost of TZS 2,410 million (2022: TZS 7,542 million) which are fully depreciated as of the reporting date whose normal depreciation charge for the year was TZS 399 million (2022: TZS 630 million). Depreciation of TZS 6,644 (2022: TZS 10,281) was included under cost of sales as direct cost. There were no idle assets included in property, plant, and equipment.

No items of property, plant and equipment have been pledged as collateral for liabilities.

17. Right-of-use Assets

The Company has lease contracts for office space and residential houses with lease terms of between 1 and 6 years. These lease arrangements have been accounted for in accordance with IFRS 16. The lease contracts include extension and termination options.

TZS MM	2023	2022
Cost		
At January 1	1,121	1,581
Derecognition	(932)	(472)
Additions	734	12
At December 31	923	1,121
Accumulated depreciation		
At January 1	803	854
Derecognition	(932)	(472)
Charge for the year	558	421
At December 31	429	803
Net book value	494	318

Under derecognition are the cancelled and expired leases during the year. The maturity analysis of lease liabilities is disclosed in Note 27

18. Intangible assets

TZS MM	2023	2022
Cost	2,646	2,646
Accumulated amortization		
At January 1	2,646	2,646
Charge for the year	-	-
At December 31	2,646	2,646
Net book value	-	-

The intangible assets relate to acquired cigarette trademarks. The estimated useful life from year of acquisition was estimated at 10 (ten) years. There are no intangible assets resulting from internal developments or business combinations.

Notes to the financial statements
for the year ended December 31, 2023 (continued)

19. Inventories

TZS MM	2023	2022
Raw materials	70,422	71,135
Work in progress	1,436	514
Consumable stores	7,595	6,567
Goods in transit	31,472	3,008
Finished goods	57,990	40,185
	168,915	121,409
Allowance for obsolete inventories	(2,053)	(1,981)
	166,862	119,428

No inventory has been pledged as collateral for liabilities. The inventory costs included in cost of sales for the year was TZS 169,430 million (2022: TZS 149,763).

Below is the movement of the allowances for obsolete inventory.

TZS MM	2023	2022
At January 1	(1,981)	(1,904)
Increase in allowance	(72)	(77)
At December 31	(2,053)	(1,981)

20. Trade and other Receivables

TZS MM	2023	2022
Trade receivables	4,562	6,133
Amounts due from related companies (Note 28(iv))	44,887	38,328
Prepayments and other receivables	9,690	13,536
	59,139	57,997
Expected credit loss on trade receivables	(1,458)	(1,540)
	57,681	56,457

Trade receivables are non-interest bearing and are generally on terms of 9 days domestic sales and 90days for export. The transaction with related parties has been disclosed under Note 28(ii).

Movement in the allowance for expected credit losses on trade receivables:

TZS MM	2023	2022
At January 1	1,540	1,619
Recoveries	(763)	(1,492)
Increase in allowance	681	1,413
At December 31	1,458	1,540

21. Cash and Cash Equivalent

TZS MM	2023	2022
Bank balances	39,976	17,103

Notes to the financial statements
for the year ended December 31, 2023 (continued)

22. Share Capital

Authorized:		
125,000,000 Ordinary shares of TZS 20 each	2,500	2,500
Issued and fully paid:		
100,000,000 Ordinary shares of TZS 20 each	2,000	2,000

There were no movements in the share capital of the Company during the year. The Company has one class of ordinary shares, which carries no fixed right to income. The ownership structure of the Company is as set out below:

Million in %	2023 Ordinary Shares	2022 Ordinary Shares
Resident shareholders:		
General public	6.3	6.2
Public Service Social Security Fund	4.7	4.7
The United Republic of Tanzania	2.2	2.2
Umoja Unit Trust Scheme	2.2	2.2
TCCIA investment Company Limited	0.3	0.3
Sayed H. Kadri&/or Basharat Kadri&/or Mehboob&/or Khalid &/or	0.2	0.2
African Lions fund ltd	-	0.2
Alliance Insurance Corporation Ltd	-	0.1
Judith Munne Kessi	0.2	-
Mohamed Gulam Dewji	0.2	-
	16.3	16.1

Non-resident shareholders:

JT International Holding B.V*-Holding Company	75	75
Kingsway Fund	8.2	8.6
Allan Gray Africa EX-SA Equity Fund Limited	0.3	0.3
African Lions Fund Limited	0.2	-
	83.7	83.9
Total ordinary shares in issue	100.0	100.0

23. Deferred Tax Liability

Deferred taxes are calculated on all temporary differences under the liability method, using the enacted tax rate of 30%.

TZS MM	2023	2022
The net deferred tax liability is attributable to the following:		
Accelerated capital allowances	10,410	10,266
Provisions	(11,157)	(3,440)
Defined benefit obligation provision	3,069	(5,025)
	2,322	1,801

The movement on the deferred tax account is as follows:

TZS MM	Opening balance	Recognized in P&L	Recognized in OCI	Closing balance
2023:				
Deferred tax liabilities/(assets) in relation to:				
- Property, plant and equipment	10,266	142	-	10,408
- Provisions and other temporary differences	(3,440)	(732)	-	(4,172)
- Defined benefit obligation	(5,025)	(298)	1,409	(3,914)
	1,801	(888)	1,409	2,322

Notes to the financial statements
for the year ended December 31, 2023 (continued)
23 Deferred tax liability (continued)

TZS MM	Opening balance	Recognized in P&L	Recognized in OCI	Closing balance
2022:				
Deferred tax liabilities/(assets) in relation to:				
- Property, plant and equipment	11,346	(1,080)	-	10,266
- Provisions and other temporary differences	(3,167)	(273)	-	(3,440)
- Defined benefit obligation	(3,760)	(496)	(769)	(5,025)
	4,419	(1,849)	(769)	1,801

24. Trade and other Payables

TZS MM	2023	2022
Trade payables	21,971	12,328
Amounts due to related companies (Note 28(iii))	65,909	20,054
Excise duty and VAT payable	13,906	5,456
Other duties and taxes payable	9,164	8,071
Customer deposits	2,523	3,747
Trade allowance payable	731	1,484
Restructuring liability**	-	693
Dividends payable	2,880	2,840
Other liabilities and accruals*	10,682	16,054
	127,766	70,727

* Other liabilities and accruals includes contributions payable to National Social Security Fund, marketing accruals and accruals for goods and services received at year end but not invoiced.

** Restructuring liability relates to cost of retrenching staff and transferring finance activities to Global Business Service (GBS) to enhance efficiency and effectiveness on business process.

25. Provisions

TZS MM	2023	2022
Bonus provision	9,051	7,263
Litigation	1,616	1,301
Provision for leave pay	723	690
	11,390	9,254

2023:	Opening balance	Utilized/ reversed	Raised	Closing balance
	TZS MM	TZS MM	TZS MM	TZS MM
Bonus provision	7,263	(7,263)	9,051	9,051
Litigation	1,301	(50)	365	1,616
Provision for leave pay	690	(690)	723	723
	9,254	(8,003)	10,139	11,390

2022:	Opening balance	Utilized/ reversed	Raised	Closing balance
	TZS MM	TZS MM	TZS MM	TZS MM
Bonus provision	6,472	(6,472)	7,263	7,263
Litigation	1,179	(255)	377	1,301
Provision for leave pay	432	(432)	690	690
	8,083	(7,159)	8,330	9,254

Employees are entitled for annual bonuses which are performance based. The company recognizes a liability and an expense for bonuses, based on a formula that takes into consideration individual's achievement on the pre-agreed annual targets. The Company recognised a provision of TZS.9,051 million (2022: TZS 7,263 million). Expected payment is between January to March the following year.

Notes to the financial statements
for the year ended December 31, 2023 (continued)
25 Provisions (continued)

As at December 31, 2023, the Company had pending legal cases whereby the Company was defendant and outstanding disputes for which the directors have considered it probable that the outcome will be unfavorable to the Company and could result into an estimated loss. Based on advice from legal experts, a provision amounting to TZS.1,616 million (2022: TZS 1,301 million) has been placed for these cases.

According to the nature of such disputes the timing of settlement is uncertain. Contingent liabilities relating to litigation and other claims have been disclosed in Note 30.

26. Retirement Benefits

Statutory retirement benefits

The Company has an obligation to make statutory contributions for retirement benefits of its employees. All eligible employees of the Company are members of the National Social Security Fund (NSSF), which is defined contribution plan. This plan is prescribed by law. All employees must be a member of National Social Security Fund (NSSF). The Company and employees both contribute 10% of the employees' gross salaries to the NSSF. The Company's contributions are charged to the profit or loss when incurred. During the year ended December 31, 2023, the Company's contributions to the funds amounted to TZS 2,922 million (2022: TZS 2,601 million).

Defined benefit obligation

The Company operates an unfunded defined benefit plan for qualifying employees. Under the plan, the employees are entitled to retirement benefits of one-month salary for every year of continuous service for 1 to 9 years and an additional 10% for every additional year of continuous service beyond 9 years.

The Company provides for retirement benefit cost based on assessments made by independent actuaries. The most recent actuarial valuation was carried out at December 31, 2023 by Towers Watson, Fellow of the Institute and Faculty of Actuaries. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

%	2023	2022
Discount rate	12.8	9.7
Salary inflation	7.0	7.1
Cost of living increase	4.0	4.1

Amount recognized in statement of profit or loss and other comprehensive income in respect of this defined benefit obligation:

TZS MM	2023	2022
- Current service cost	1,178	774
- Past service cost	-	-
- Interest cost	1,693	1,530
- Actuarial (gain)/loss recognized in other comprehensive income	(4,697)	2,562
Net (credit)/charge for the year	(1,826)	4,866

The movement in the Company retirement benefit obligation was as follows: -

TZS MM	2023	2022
Balance at January 1	17,181	12,537
Current service cost	1,178	774
Past service cost	-	-
Interest cost	1,693	1,530
Actuarial (gain)/loss recognized	(4,697)	2,562
Benefits paid	(1,876)	(219)
Balance at December 31	13,479	17,181

Sensitivities

Salary rate sensitivity	Central Scenario	0.5% Increase	0.5% Decrease
	7.0%	7.50%	6.50%
	TZS MM		
Defined benefit obligation	13,479	14,148	12,911
Gross service costs excluding interest	826	880	778
Expense / net interest cost	1,762	1,854	1,683
% change in defined benefit obligation		4.96%	-4.22%
% change in gross service costs		6.52%	-5.82%
% change in expense / net interest cost		5.25%	-4.48%

Discount rate sensitivity	Central Scenario	0.5% Increase	0.5% Decrease
	12.80%	13.30%	12.30%
	TZS MM	TZS MM	TZS MM
Defined benefit obligation	13,479	12,924	14,148
Gross service costs excluding interest	826	779	880
Expense / net interest cost	1,762	1,750	1,782
% change in defined benefit obligation		-4.12%	4.96%
% change in gross service costs		5.67%	6.52%
% change in expense / net interest cost		-0.64%	1.14%

27. Lease Liability

Liabilities arising from a lease are initially measured on a present value basis of contractual payments associated with lease contract. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

TZS MM	2023	2022
Maturity analysis:		
Due within 1 year	193	55
Due in more than 1 year and no later than 2 years	20	15
Due in more than 2 years		10
		80
Less: Discount (unearned interest)	-	-1
	213	79
Movement analysis:		
Balance as at 1 January	79	498
Additions	734	448
Derecognition	-	(438)
Interest expense	11	10
Lease rentals paid	(611)	(439)
At 31 December	213	79

Millions TZS	2023	2022
Classification:		
Current	193	55
Non-current	20	24
Additions	213	79

28. Related party transactions and balances

Related companies

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

The Company transacts with the ultimate holding Company and other companies related to it by virtue of common shareholding.

During the year, the following transactions were entered into with related parties:

Contracts with related parties

The Company has agreements with JT International SA and JT International Holding B.V. for provision of managerial, technical and administrative services since January 1, 2008. Amounts payable under these agreements are included under purchase of goods and services below. The charge for the year is TZS 17,394 million (2022: TZS 14,132 million).

Other transactions with related parties

i. Purchase and sales of goods and services

TZS MM	2023	2022
Purchases from related parties		
JTI Leaf Services Limited*	8,389	11,417
JT International Holding B.V.**	17,064	13,255
JT International SA*	33,044	18,718
JT International Germany GmbH*	-	773
JTI Tutun Urunleri Sanayi A.S. *	1,298	22
PJSC *JT International Ukraine**	-	41
JTI Services Switzerland SA*	4,512	4,488
JT International South Africa (Pty) Limited*	220	328
Japan Tobacco Inc.	43	34
JTI GBS Poland Sp. z o.o.*	1,451	590
JTI Leaf Zambia Limited*	286	1,372
JTI GBS Philippines Inc	6	-
	66,313	51,038

ii. Sales to related parties

TZS MM	2023	2022
JT International SA	999	2,050
JTI Cigarette*	200	2,789
Etoile Du Congo SAU*	58,611	45,193
JTI Leaf services	1,804	1,906
JTI Tutun Urunleri Sanayi A.S.*	-	3,687
Other.*	5,246	1,971
	66,860	57,596

iii. Inter-company borrowing

TZS MM	2023	2022
JT International Holding B.V.** (inter-company borrowing) (Note 31)	33,215	12,048

iii. Related party balances

TZS MM	2023	2022
Payables to related parties (Note 24)		
JT International S.A*	42,679	9,566
JTI Tutun Urunleri Sanayi A.S. *	1,282	23
JTI GBS Poland Sp. z o.o.*	728	230
JT International Holding B.V.**	21,206	5,823
Others	14	4,412
	65,909	20,054

Notes to the financial statements
for the year ended December 31, 2023 (continued)
28 Related party transactions and balances (continued)

iv) Receivable from related parties (Note 20)

TZS MM	2023	2022
Etoile Du Congo SAU*	37,190	34,635
TI Cigarette / 13311 Khartoum North*	3,684	3,536
Others*	3,350	157
JTI Leaf services*	663	-
	44,887	38,328

*Sister companies

** Holding companies

The amounts outstanding are unsecured and will be settled in cash. No expense has been recognized in the year for bad and doubtful debts in respect of the amounts owed by related parties.

iii. Compensation of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including all Directors.

The Company does not have the following schemes for its key management personnel.

- Post-employment benefits
- Other longer-term benefits
- Termination benefits

The remuneration of Directors and other key members of management during the year were as follows:

TZS MM	2023	2022
Key management remuneration	4,364	4,105
Non-executive Director's emoluments	68	70
	4,432	4,175

The cost of remuneration has been recognised under operating expenses in the statement of comprehensive income.

29 Commitments

i. Capital commitments.

TZS MM	2023	2022
Authorized but not contracted for	1,086	203
Authorized and contracted for	6,889	2,683
	7,975	2,886

The capital commitments relate to purchase of properties, plant and equipment to enhance safety, production capacity, operational efficiency and product quality as well as improvement of the distribution fleet and employee welfare.

ii. Other commitments

As at December 31, 2023, the Company had a commitment for purchase of leaf tobacco totaling TZS 32,171 million (2022: TZS 17,321 million).

30 Contingent Liabilities

The Company is currently involved in several lawsuits. However, in the opinion of the Directors, they do not expect the outcome of the pending litigations to have material effect on the Company financial performance.

Notes to the financial statements
for the year ended December 31, 2023 (continued)

31 Bank Overdraft, Inter-Company Borrowing and other Facilities

i. Bank overdraft

The Company has an overdraft facility with Standard Chartered Bank (Tanzania) Limited up to a limit of TZS 3,000 million to meet its working capital requirements. The facility is secured by a guarantee from the ultimate parent company Japan Tobacco Inc. The effective interest rate for the facility is the 91 Days Treasury Bills plus 2.7% p.a. and is charged on daily overdrawn amount. As at December 31, 2023 and during the year there were no drawdowns made by the company on this facility (2022: NIL).

ii. Manufacture Under Bond

The Company operates a Manufacture Under Bond (MUB) facility under which export goods are produced. The facility enables the Company to import raw materials for export manufacture duty free. The facility is guaranteed by Japan Tobacco International S.A. through Standard Chartered Bank Tanzania Limited. The bond is limited to TZS 38,000 million with commission on bank guarantee charged at 0.8% p.a.

iii. Inter-company borrowing

During the year, the Company has received an inter-company short term loan of TZS 48,392 million (2022 TZS 18,635 million) with interest rate of Secured Financing Overnight Rate (SORF) 5.33+2% margin from JT International Holding B.V. The Loan is for general corporate and working capital requirement activities, including capital expenditures. The loan is subjected to withholding taxes on interest, payable to Tanzania Revenue Authority subject to the loan limit, drawdowns under this agreement can be made in installments with no minimum or maximum amount applying. Interest payment shall be made in the currency of the corresponding drawdown and should be paid on the earlier of the maturity date or on the termination date. The movement of the inter-company borrowing during the year is as follows:

The movement of the inter-company borrowing during the year is as follows:

TZS MM	2023	2022
At January 1	12,048	20,763
Drawdowns for the year	48,392	18,635
Borrowing repayment	(27,555)	(27,177)
Interest paid	(1,302)	(561)
Interest accrued	1,618	513
Foreign exchange difference	14	(125)
At December 31	33,215	12,048

32 Financial Risk Management Objectives and Policies

The Company's activities expose it to a variety of financial risks, including credit risk and the effects of changes in foreign currency exchange rates. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance.

Risk management is carried out by the finance department under policies approved by the Board of Directors. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and services offered. The Company, through its training, standards and procedures management, aims to maintain a disciplined and constructive control environment, in which all employees and stakeholders understand their roles and obligations.

The most important types of risks are credit risk, liquidity risk and market risk which is mainly due to foreign exchange risk and interest rate risk. A description of the significant risk factors is given below together with the risk management policies applicable.

Credit risk management

Potential concentration of credit risk consists principally of short-term cash and cash equivalent investments, and trade and other receivables. Trade receivables comprise a large and widespread customer base and the Company performs ongoing credit evaluations on the financial condition of its customers. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the credit loss assessment model developed base on past experience and the current economic environment. The carrying amount of financial assets represents the maximum credit exposure.

The amount that best represents the Company's maximum exposure to credit risk as at December 31, 2023 without taking account of the value of any collateral obtained was:

TZS MM	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
Trade receivables	N/A	Performing	Lifetime ECL	4,562	(1,458)	3,104
Amounts due from related companies	N/A	Performing	Lifetime ECL	44,887	-	44,887

TZS MM	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
Bank balances	Fitch	Performing	Lifetime ECL	39,976	-	39,976
Total credit exposure				89,425	(1,458)	87,967

The amount that best represents the Company's maximum exposure to credit risk as at December 31, 2022 without taking account of the value of any collateral obtained was:

TZS MM	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
Trade receivables	N/A	Performing	Lifetime ECL	6,133	(1,540)	4,593
Amounts due from related companies	N/A	Performing	Lifetime ECL	38,328	-	38,328
Bank balances	Fitch	Performing	Lifetime ECL	17,103	-	17,103
Total credit exposure				61,564	(1,540)	60,024

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix:

As at December 2023	TOTAL	< 30 days	60 days	60-90 days	>90 days
Gross amount (TZS 'million')	4,563	3,138	373	179	873
ECL rate (%)		1.1%	100%	100%	100%
ECL (TZS 'million')	1,458	33	373	179	873
As at December 2022	TOTAL	< 30 days	60 days	60-90 days	>90 days
Gross amount (TZS 'million')	6,133	4,522	36	128	1,447
ECL rate (%)		0%	0%	73%	100%
ECL (TZS 'million')	1,540	-	-	93	1,447

The Company has applied the simplified approach in IFRS 9 on receivables to measure the loss allowance at lifetime ECL. The Company determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss and future economic conditions.

In determining the recoverability of a trade receivable, the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated.

Accordingly, the Directors believe that there is no further credit provision required in excess of the allowance for doubtful debts already recognized in the books.

Liquidity risk management

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the entity could be required to pay its liabilities earlier than expected.

The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate borrowing facilities are maintained. The Directors may from time to time at their discretion raise or borrow monies for the Company as they deem fit. There are no borrowing limits in the articles of association of the Company.

Maturity analysis for financial liabilities as at December 31, 2023 showing the remaining contractual maturities:

TZS MM	<1 month	1 - 5 months	5 -12 months	> 1 year	Total
Trade payables (Note 24)	-	21,971	-	-	21,971
Other payables	-	10,682	-	-	10,682
Inter-Company borrowing	-	-	33,215	-	33,215
Amounts due to related companies (Note 28)	-	65,909	-	-	65,909
	-	98,562	33,215	-	131,777

Maturity analysis for financial liabilities as at December 31, 2022 showing the remaining contractual maturities:

TZS MM	<1 month	1 - 5 months	5 -12 months	> 1 year	Total
Trade payables (Note 24)	-	12,328	-	-	12,328
Other payables	-	16,054	-	-	16,054
Inter-Company borrowing	-	-	12,048	-	12,048
Amounts due to related companies (Note 28)	-	20,054	-	-	20,054
	-	48,436	12,048	-	60,484

Maturity analysis for financial assets as at December 31, 2023 showing the remaining contractual maturities:

TZS MM	<1 month	1 - 5 months	5 -12 months	> 1 year	Total
Trade receivables	4,563	-	-	-	4,563
Amount due from related companies (Note 28(ii))	44,887	-	-	-	44,887
Cash and bank balances	39,976	-	-	-	39,976
Total	89,426	-	-	-	89,426

Maturity analysis for financial assets as at December 31, 2022 showing the remaining contractual maturities:

TZS MM	<1 month	1 - 5 months	5 -12 months	> 1 year	Total
Trade receivables	6,133	-	-	-	6,133
Amount due from related companies	38,328	-	-	-	38,328
Cash and bank balances	17,103	-	-	-	17,103
Total	61,564	-	-	-	61,564

Market risk management

(i) Interest rate risk

The Company is not exposed to interest rate risk because it does not have floating interest borrowing or investments. During the year, the Company received interest income amounting to TZS 416 million (2021: TZS 954 million) from its short-term bank deposits.

(ii) Foreign exchange risk

Foreign exchange risk arises on financial instrument that are denominated in a currency other than Tanzania Shillings (TZS). The Company's costs and expenses are principally incurred in Tanzanian Shillings (TZS) and US Dollars (USD). The Company did not enter into formal hedging transactions in respect of these transactions. Volatility in the exchange rate of USD against TZS would make the Company's costs and results less predictable than when exchange rates are stable.

At December 31, 2023, if the TZS had strengthened or weakened by 5% against the USD with all the other variables held constant, the impact on the pre-tax profit for the year would have been lower or higher by TZS 685 million (2022: TZS 22 million). The carrying amounts of the Company's material foreign currency denominated monetary assets and liabilities that will have an impact on profit or loss when exchange rates change, as at December 31, 2023 are as follows:

TZS MM	2023	2022
Cash and bank balances in USD	4,548	6,658
Trade and other receivables in USD	40,599	39,359
Trade and other payables in USD	(58,853)	(45,573)
Open position	(13,706)	444

Notes to the financial statements

for the year ended December 31, 2023 (continued)

32 Financial risk management objectives and policies (continued)

Financial instruments categorization

TZS MM	Financial assets carried at amortized costs	Financial liabilities carried at amortized costs	Non financial liabilities or assets or equity	Total
As at December 31, 2023				
Assets				
Non-current assets				
Property, plant and equipment	-	-	83,593	83,593
Right-of-use assets	-	-	494	494
	-	-	84,087	84,087
Current assets				
Trade and other receivables	49,45	-	8,231	57,681
Inventories	-	-	166,862	166,862
Income tax receivable	-	-	2,503	2,503
Bank balances	39,976	-	-	39,976
	89,426	-	177,596	267,022
Total assets	89,426	-	261,683	351,109

TZS MM	Financial assets carried at amortized costs	Financial liabilities carried at amortized costs	Non financial liabilities or assets or equity	Total
Equity and liabilities				
Capital and reserves				
Share capital	-	-	2,000	2,000
Retained earnings	-	-	153,186	153,186
Defined benefit reserve	-	-	7,538	7,538
	-	-	162,724	162,724
Non-current liabilities				
Deferred tax liability	-	-	2,322	2,322
Defined benefit obligation	-	-	13,479	13,479
Lease liabilities	-	20	-	20
	-	20	15,801	15,821
Current liabilities				
Trade and other payables	-	98,562	29,204	127,766
Provisions	-	-	15,457	11,390
Lease liabilities	-	193	193	193
Inter-Company borrowing	-	33,215	-	33,215
Income tax liability	-	-	-	-
	-	131,970	40,594	172,564
	-	131,990	219,139	351,109

Notes to the financial statements

for the year ended December 31, 2023 (continued)

32 Financial risk management objectives and policies Financial instruments categorization (continued)

TZS MM	Financial assets carried at amortized costs	Financial liabilities carried at amortized costs	Non financial liabilities or assets or equity	Total
As at December 31, 2022				
Assets				
Non-current assets				
Property, plant and equipment	-	-	79,640	79,640
Right-of-use assets	-	-	318	318
	-	-	79,958	79,958
Current assets				
Trade and other receivables	44,461	-	11,996	56,457
Inventories	-	-	119,428	119,428
Bank balances	17,103	-	-	17,103
	61,564	-	131,424	192,988
Total assets	61,564	-	211,382	272,946
Equity and liabilities				
Capital and reserves				
Share capital	-	-	2,000	2,000
Retained earnings	-	-	153,953	153,953
Defined benefit reserve	-	-	4,250	4,250
	-	-	160,203	160,203
Non-current liabilities				
Deferred tax liability	-	-	1,801	1,801
Defined benefit obligation	-	-	17,181	17,181
Lease liabilities	-	24	-	24
	-	24	18,982	19,0069
Current liabilities				
Trade and other payables	-	48,436	22,294	70,730
Provisions	-	-	9,254	9,254
Lease liabilities	-	55	-	55
Inter-Company borrowing	-	12,048	-	12,048
Income tax liability	-	-	1,650	1,650
	-	60,539	33,198	93,737
	-	60,563	212,383	272,946

33 Capital Risk Management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of cash and cash equivalents and equity attributable to equity holders of the Company.

The Board of Directors reviews the capital structure on a regular basis. As part of this review, the board considers the cost of capital and the risks associated with each class of capital. Based on the review, the Company analyses and assesses the gearing ratio to determine the level and its optimality, through balancing its overall capital structure in payment of dividends and issue of new debt or the redemption of existing debt.

The Company's overall strategy remains unchanged from 2023. The constitution of capital managed by the Company is as shown below:

TZS MM	2023	2022
Share capital	2,000	2,000
Defined benefit reserve	7,538	4,250
Retained earnings	153,186	153,953
Equity	162,724	160,203
Intercompany borrowing (Note 31)	33,215	12,048
Lease liabilities (Note 26)	213	79
Total debt	33,428	12,127
Less: Cash and bank balances (Note 21)	(39,976)	(17,103)
Net debt	(6,548)	(4,976)
Total capital	156,176	155,227
Gearing ratio	-4.02%	-3.11%

As at December 31, 2023 the Company was financed by inter-company debt of TZS. 33,215 million (2022: TZS.12,048).

34. Fair value measurement

IFRS 13 requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The Company specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Company's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The management assessed that the fair values of cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

This hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible.

(a) Fair value of the Company financial assets and financial liabilities that are measured at fair on recurring basis.

The Company had no financial assets or financial liabilities that are measured at fair value on recurring basis at December 31, 2023 (2022: none).

(b) Fair value of the Company financial assets and financial liabilities that are not measured at fair on recurring basis.

The Company's financial assets and liabilities are measured at amortised cost; their carrying amounts are reasonable approximation of their fair value.

35. Functional and presentation currency

The Company's functional and presentation currency is Tanzanian Shillings (TZS).

36. Comparative figures

Where necessary comparative figures have been changed to confirm with current year presentation.

37. Events subsequent to the year end

At the date of signing the financial statements, the Directors are not aware of any other matter or circumstance arising since the end of the financial period, not otherwise dealt with in these financial statements, which significantly affected the financial position of the Company and results of its operations.



06

APPENDIX I - GRI COMPLIANCE

Note: does not form part of the financial statements.

GRI Index

Universal Disclosures

GRI No.	DISCLOSURE NAME	DISCLOSURE INFORMATION/ REFERENCE
2-1	Organizational details	Please see Corporate Information (page 57).
2-2	Entities included in the organization's sustainability reporting	Please see Disclaimer (page 2).
2-3	Reporting period, frequency and contact point	Reporting period is specified in the Disclaimer (page 2). The report is published on an annual basis. In case of queries please contact the TCC Plc Communication & Sustainability Specialist, Kabwe Mwenge via email at Kabwe.Mwenge@jti.com.
2-4	Restatements of information	No known restatement of information is to be made.
2-5	External assurance	Please see GRI External Assurance Letter (page 118/119).
2-6	Activities, value chain and other business relationships	Core activities and value chain is outlined under section The TCC Plc Value Chain (page 12) and key business relationships are detailed under Management Principles (page 8) as well in the Report of Those Charged with Governance item 7 (page 62/63).
2-7	Employees	Please see Employment Culture and Employer of Choice (page 39-41).
2-8	Workers who are not employees	No such category exists at TCC Plc.
2-9	Governance structure and composition	Please see Members of the Board (page 22-25) and Management Team (page 26).
2-10	Nomination and selection of the highest governance body	Please see Report of Those Charged with Governance item 11 (page 65-66).
2-11	Chair of the highest governance body	Please see Members of the Board (page 22).
2-12	Role of the highest governance body in overseeing the management of impacts	Please see Report of Those Charged with Governance item 11 (page 64).
2-13	Delegation of responsibility for managing impacts	(a) This responsibility is effectively delegated to the audit committee which is charged with mandate to oversee operations of the business and reports back to the highest governance body, see Report of Those Charged with Governance item 11 (page 65). (b) The board and committees meet twice in a year, to receive and discuss the business review, plans, succession planning, audit reports, approval of final accounts and dividend, and any other pertinent matter requiring approval by the highest governance body. Further, to ensure adequate streamlining of ESG in TCC Plc operations and its reporting ESG management at TCC Plc falls under the responsibilities of the Corporate Affairs and Communication Director (page 26) who is supported by the Communication & Sustainability Specialist to regularly review and report on ESG matters. However, the implementation of various ESG measures sits with respective heads of departments.
2-14	Role of the highest governance body in sustainability reporting	Management submits their plans to the board and updates the board on performance of the company. The board approves management accounts and annual report which includes sustainability reports.
2-15	Conflicts of interest	(a) Members of the board are called upon to disclose conflicts of interest periodically and prior to commencement of any board meetings. (b) All conflicts of interest are disclosed and if existent mitigated and by following good corporate governance practices, the potential effects of existence of controlling shareholders are also mitigated.
2-16	Communication of critical concerns	(a) They are reported to the board as outlined in 2-14. (b) None were recorded in the reporting period.
2-17	Collective knowledge of the highest governance body	The board and senior management team of TCC Plc receive training on corporate governance practices.
2-18	Evaluation of the performance of the highest governance body	(a) Board evaluations are performed by (b) an independent body that is hired to conduct the performance evaluation of the performance of the governance body. (c) Whenever there is a recommendation for improvement necessary actions are taken accordingly.
2-19	Remuneration policies	Please see Employment Culture and Employer of Choice (page 39-41).
2-20	Process to determine remuneration	
2-21	Annual total compensation ratio	

2-22	Statement on sustainable development strategy	Please see Message from Chairman (page 28-29) and Message from CEO (page 32-33).
2-23	Policy commitments	These commitments are primarily anchored in the organizational purpose, managing and core principles as well as in various policies i.e. people's policy, code of conduct, IMS Policy.
2-24	Embedding policy commitments	
2-25	Processes to remediate negative impacts	Please see Employment Culture and Employer of Choice (page 39-41) for employees and refer to Management Principles (page 8) as well in the Report of Those Charged with Governance item 7 (page 62-63) and Anti-Corruption (page 39) for external stakeholders.
2-26	Mechanisms for seeking advice and raising concerns	Please see Anti-Corruption (page 39) and Report of Those Charged with Governance item 11 (page 66-67).
2-27	Compliance with laws and regulations	No incidence of non-compliance with the laws and regulations was recorded in the reporting period.
2-28	Membership associations	TCC Plc is a member of the following association and plays a significant role: Confederation of Tanzania Industries (CTI), Association of Tanzania Employers (ATE), Tanzania Private Sector Foundation (TPSF), East Africa Business Council (EABC).
2-29	Approach to stakeholder engagement	Please see Management Principles (page 8) and Report of Those Charged with Governance item 7 (page 62-63).
2-30	Collective bargaining agreements	Please see Employment Culture and Employer of Choice (page 39-41).
Materialities		
3-1	Process to determine material topics	Please see Material Topic Identification and Sustainability Goals (page 37-38).
3-2	List of material topics	
3-3	Management of material topics	

Governance Disclosures

GRI NO.	DISCLOSURE NAME	DISCLOSURE INFORMATION/ REFERENCE
Economic Performance (Business Success)		
201-1	Direct economic value generated and distributed	Please see Financial/Economic Performance (page 39).
201-2	Financial implications and other risks and opportunities due to climate change	Please see Report of Those Charged with Governance item 6 (page 62), no risk/opportunity was identified that would require a budgetary allocation.
201-3	Defined benefit plan obligations and other retirement plans	Please see Employment Culture and Employer of Choice (page 39-41) and Notes to financial statements item 26 (page 103/104) for specifics on retirement benefits in the reporting period.
201-4	Financial assistance received from government	Please see Financial/Economic Performance (page 39).
Responsible Marketing		
417-1	Requirements for product and service information and labelling	TCC Plc is fully compliant with the legally obligated disclosure requirements in Tanzania for tobacco products. Samples of their product labeling, including health warnings can be seen under Product Portfolio (page 14). In addition, TCC Plc is committed to Responsible Marketing (page 39).
417-2	Incidents of non-compliance concerning product and service information and labelling	No incidents have been recorded in the reporting period.
417-3	Incidents of non-compliance concerning marketing communications	No incidents have been recorded in the reporting period.
Anti-Corruption (Ethics)		
205-1	Operations assessed for risks related to corruption	Please see Anti-Corruption (page 39) and Report of Those Charged with Governance item 11 (page 66-67).
205-2	Communication and training about anti-corruption policies and procedures	
205-3	Confirmed incidents of corruption and actions taken	

Employment (Culture)		
401-1	New employee hires and employee turnover	Please see Employment Culture and Employer of Choice (page 39-41). Total turnover rate is available upon inquiry.
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Currently there are no part-time employees recorded, hence this disclaimer becomes redundant.
401-3	Parental leave	Please see Employment Culture and Employer of Choice (page 39-41).

Environmental Disclosures

GRI	DISCLOSURE NAME	DISCLOSURE INFORMATION/ REFERENCE
Emission (Climate Change)		
305-1	Direct (Scope 1) GHG emissions	Please see Energy and Green House Gas Emissions (page 42).
305-2	Energy indirect (Scope 2) GHG emissions	Scope 2 and 3 GHG emissions are not recorded by TCC Plc and are currently not part of the Company's ESG commitments.
305-3	Other indirect (Scope 3) GHG emissions	Please see Energy and Green House Gas Emissions (page 42).
305-4	GHG emissions intensity	
305-5	Reduction of GHG emissions	
305-6	Emissions of ozone-depleting substances (ODS)	
305-7	Emissions of ozone-depleting substances (ODS)	
Waste (Product Stewardship)		
306-1	Waste generation and significant waste-related impacts	Please see Waste (page 42).
306-2	Management of significant waste-related impacts	
306-3	Waste generated	
306-4	Waste diverted from disposal	
306-5	Waste directed to disposal	
Supplier Environmental Assessment		
308-1	New suppliers that were screened using environmental criteria	Please see Environmental Supplier Screening (page 43).
308-2	Negative environmental impacts in the supply chain and actions taken	
Local Community		
413-1	Operations with local community engagement, impact assessments, and development programs	Please see Community Investments (page 44).
413-2	Operations with significant actual and potential negative impacts on local communities	
Supplier Social Assessment		
414-1	New suppliers that were screened using social criteria	Please see Social Supplier Screening (page 45).
414-2	Negative social impacts in the supply chain and actions taken	

Social Disclosures

GRI	DISCLOSURE NAME	DISCLOSURE INFORMATION/ REFERENCE
Occupational Health and Safety (Human Capital Management)		
403-1	Occupational health and safety management system	Please see Zero Injuries (page 45).
403-2	Hazard identification, risk assessment, and incident investigation	
403-3	Occupational health services	
403-4	Worker participation, consultation, and communication on occupational health and safety	
403-5	Worker training on occupational health and safety	
403-6	Promotion of worker health	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	
403-8	Workers covered by an occupational health and safety management system	
403-9	Work-related injuries Work-related ill health	
Training and Education (Human Capital Management)		
404-1	Average hours of training per year per employee	Please see Employment Culture and Employer of Choice (page 39-41).
404-2	Programs for upgrading employee skills and transition assistance programs	
404-3	Percentage of employees receiving regular performance and career development reviews	
Diversity and Equal Opportunity (Human Capital Management)		
405-1	Diversity of governance bodies and employees	Please see Employment Culture and Employer of Choice (page 39-41).
405-2	Ratio of basic salary and remuneration of women to men	
Customer Health and Safety (Consumer Health and Satisfaction)		
416-1	Assessment of the health and safety impacts of product and service categories	Please see Responsible Marketing (page 39).
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No incidents have been recorded in the reporting period.

GRI External Assurance Letter

Tanzania Cigarette Company Limited (TCC Plc/"The Company") has engaged Mesiya Mwangoka as an independent assurance to assess the quality and extent to its 2023 ESG Report in alignment with the GRI Standard Disclosures 2021. The 2023 ESG Report covers TCC Plc's ESG performance during the period January 1, 2023 to December 31, 2023.

The development of the Report, based on GRI Sustainability Reporting Standards (GRI Standards) of the Global Reporting Initiative, its content and presentation are sole responsibility of the management of TCC Plc. The responsibility of the external assurer, as agreed with the management of TCC Plc, is to provide independent assurance on the report content as described in the scope of assurance. The responsibility in performing these assurance activities is to the management of TCC Plc only and in accordance with the terms of reference agreed with TCC Plc. I hereby do not accept or assume any responsibility for any other purpose or to any other person or organization. Any dependence that any such third party may place on the ESG Report is entirely at its own risk. The assurance statement should not be taken as a basis for interpreting TCC Plc's overall performance, except for the aspects mentioned in the scope below.

Assurance standard

The assurance is in accordance with the Global Reporting Initiative (GRI) Standards 2021 - GRI external assurance requirements outlined in [section 5.2 in GRI 1: Foundation 2021](#).

Scope of assurance and methodology

The scope of the assurance work for this engagement was limited to review of information pertaining to environmental, social and governance performance for the period January 1, 2023 to December 31, 2023. The scope of reporting boundary was limited to the operations indicated in the *Disclaimer* in the TCC Plc Integrated Report 2023. I performed a review and verification of the data collection methodology, the materiality assessment validation and a general review of the logic of inclusion/omission of necessary relevant information which was limited to:

- Review of the standard disclosures regarding the Company's materialities identified in the report;
- Review of consistency of information within the report;
- Carry out assurance review remotely through review of previous ESG reports published by The Company;
- Interview of the team that was compiling the report to understand the current processes in place for capturing sustainability performance data as per GRI Standards, the Company's sustainability vision and the progress made during the reporting period;
- Review of Company's plans, policies and practices, so as to be able to make comments on the completeness of the reporting and degree to which I believe the report provides a fair and honest representation of the Company's activities.

Limitations of Scope

The assurance scope excludes:

- Information outside the defined GRI reporting boundaries and period defined in the *Disclaimer* in the TCC Plc Integrated Report 2023;
- Information outside the defined materialities of the report as indicate in the chapter *Material Topic Identification and Sustainability Goals*;
- The Company's Report by Those Charged with Governance and audited financial statements were audited by the Company's external auditor;

- The Company's statements that describe expression of opinion, belief, inference, aspiration, expectation, aim or future intention;

- Data, statements and claims already available in the public domain through Annual Report, Corporate Social Responsibility Reports, or other sources available in the public domain;

- Review of the Company's compliance with regulations, acts, guidelines with respect to various regulatory agencies and other legal matters.

My expertise and independence

I am a cross-sector, collaborative, and analytical international development professional with 15 years' experience. A GRI certified external assurance provider and part-time climate change & sustainability assessor at the University of Cambridge Institute of Sustainability Leadership. As an external assurance provider, I am required to comply with the GRI external assurance requirements outlined in [section 5.2 in GRI 1: Foundation 2021](#). I hereby confirm that I am independent from TCC Plc, any reporting activities expect for the external assurance offered and therefore able to reach impartial, objective conclusions about the report and to publish these conclusions in a report that is publicly available.

Observations and areas of potential improvement

During the assurance process, I observed that:

- In the reporting period in question TCC Plc has taken a deliberate initiative to validate the materiality assessment provided by JTI Tobacco Business for the Tanzanian context, to further enhance the reporting TCC Plc may breakdown the JTI Tobacco Business targets and present them in line with the operational context of TCC Plc to both internal and external stakeholders.
- TCC Plc has shown great robustness in capturing the various environmental, social and governance disclosure data points; to solidify and adequately measure eventual long-term impacts TCC Plc may consider various impact evaluations/assessments for key areas of materiality as well as in their areas of community investment.

Conclusion

In accordance with GRI procedures for this assurance, and in line with the limitations outlined above, I have not identified any discrepancies that would lead me to believe that TCC Plc has omitted information on disclosures material to its business and stakeholders.

Sincerely,



Mesiya Mwangoka

Certified External Assurer for GRI Sustainability Reporting

April 8, 2024

Tanzania Cigarette Public Limited Company

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